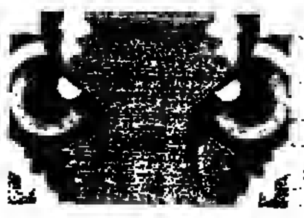
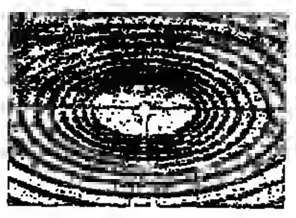


Riding a tiger

Is China's economy heading for a fall?

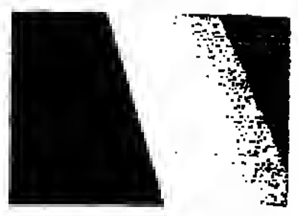
Page 17



Now you see it...

Altering the broadcast image

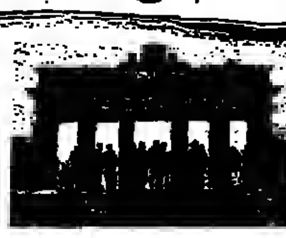
Technology, Page 12



Italian banking

An industry changing shape

Page 22



TOMORROW'S

Weekend FT

Germany: a home with no wall

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY NOVEMBER 4 1994

UK government forced to scrap Post Office sale

The privatisation programme of Britain's government was thrown into chaos yesterday with the cancellation of plans to float off parts of the state-owned Post Office. The policy retreat came because a few members of parliament belonging to the ruling Conservative party made plain they would not support the sell-off. With only a small majority in the House of Commons, the cabinet had no choice but to back down. Page 16

Bosnian Serbs lose key town: Bosnian Serbs said they had lost control of the central Bosnian town of Kupres. The UN reported that Bosnian Serbs faced attacks across the republic as Croat militia joined a Bosnian government offensive. Page 2

Troubles deepen for EuroDisneyland

Dwindling visitor numbers and continuing losses spelled more problems for Mickey Mouse at EuroDisneyland yesterday. The Paris-based theme park reported a loss of FFr1.8bn ($348.4m) to the end of this September compared with a FFr3.33bn loss the previous year, while attendance figures fell more than 10 per cent. But the losses were in line with analysts' expectations and Euro Disney's shares gained FFr125 in Paris to close at FFr815. Page 19; Lex, Page 18

US aims for early Gatt exit: The US plans to leave the General Agreement on Tariffs and Trade early next year provided Congress ratifies the deals setting up Gatt's successor, the World Trade Organisation. Page 6

Bell Atlantic of the US and France Telecom are to bid jointly for part of the Czech Republic's state telecommunications company. Initial bids for 27 per cent of SPT Telecom are due in December. Page 19

Norwegian airliner hijacked: A man thought to be a Bosnian hijacked a Norwegian domestic flight to Oslo and demanded humanitarian aid for the war-racked former Yugoslav republic. Negotiations with police continued last night.

Boots bumps up profits: The UK drugs and retail group boosted first-half profits by 66 per cent to £289.7m ($475m) on buoyant demand for branded drugs and a £47.8m gain from selling Farleys baby foods. Page 20; Lex, Page 18; Background, Page 18

Shipbuilders' swansong: Workers at the Swan Hunter shipyard in north-east England watched the launch of their last ship. Unless a buyer is found for the yard, yesterday's launch will be Swan Hunter's last. Page 7

Hollywood to the rescue: Hollywood's big film studios have agreed to help boost Europe's film industry with cash for training and by co-operating on dubbing and distribution projects.

Swedish packaging deal: AssiDomän is to buy MoDo Packaging from fellow Swedish pulp and paper group MoDo in a deal worth SKr1.2bn ($167.2m). Page 19

Dutch soccer hooligans held: German police detained about 250 drunken Dutch soccer hooligans who ran riot on a German train on their way to a match in Bremen.

Aid agencies may quit: Relief agencies threatened to pull out of camps in Zaire for Rwandan refugees unless there was international action to break the rule of terror there by Hutu leaders and their militias.

UK tightens controls: Britain announced stricter controls for foreign fish factory ships as pollution experts tried to remove oil from a Russian factory vessel that ran aground off Scotland.

Helicopter vanishes: A helicopter carrying eight people, several guns and 130lb of gold disappeared in Russia's far east. Snowstorms were hampering the search for the aircraft.

Breastfeeding 'saves lives': A million lives a year could be saved if more mothers breastfed their babies, but governments were not doing enough to encourage them, the Lancet medical journal said. It urged policymakers and agencies to teach mothers the benefits of breastfeeding.

McDog has its day: Fast food chain McDonald's lost its legal bid to get a Munich court to ban a German pet food manufacturer from calling its products *McDog and McCat.*

STOCK MARKET INDICES

FT-SE 100:	3,194.4	(+23.1)
Yield	4.1	
FT-SE Eurotrack 100	1,325.53	(+9.52)
FT-SE-A All-Share	1,540.02	(+0.6%)
Nikkei	closed	
New York: lunchtime		
Dow Jones Ind Ave	3,848.23	(+11.1)
S&P Composite	467.88	(+1.37)

US LUNCHTIME RATES

Federal Funds:	4¾%
3-mo Treas Bills: Yld	5.207%
Long Bond	93 5/32
Yield	8.09%

LONDON MONEY

3-mo interbank	6 5/32	(6 1/8%)
Liffe long gilt future:	Dec 100 3/32	(Dec 101 7/32)

NORTH SEA OIL (Argus)

Brent 15-day (Dec)	$17.56	(17.295)

Gold

New York Comex	$384.4	(385.5)
London	$383.7	(same)

STERLING

New York lunchtime:		
$	1.6125	
London:		
$	1.6176	(1.6426)
DM	2.4409	(2.4548)
FFr	8.4025	(8.4153)
SFr	2.0502	(2.0451)
Y	157.876	(158.026)
£ Index	80.9	(81.1)

DOLLAR

New York lunchtime:		
DM	1.523	
FFr	5.229	
SFr	1.2725	
Y	98.175	
London:		
DM	1.5146	(1.4945)
FFr	5.1948	(5.1232)
SFr	1.2675	(1.245)
Y	97.605	(96.205)
$ Index	61.4	(60.6)
Tokyo closed		

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lw60.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira60	S. Africa	R12.00
Czech Rp	CZK30	Israel	Shk8.00	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Estonia	EKr 20	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
Finland	FM14	Kuwait	Fils825	Poland	Zl 29,000	Tunisia	Din1.500
France	FFr9.50	Lebanon	US$1.50	Portugal (m'land)	Es225	Turkey	L30000
Germany	DM3.60	Lux	LFr65			UAE	Dh12.00

Mavrodi shares his grand ambitions

Sergei Mavrodi: grand ambitions

By John Lloyd in Moscow

Mr Sergei Mavrodi, chairman of the MMM financial company whose rise and fall this year made him the symbol of Russian capitalism, said yesterday that he would offer British investors the chance to buy into his notorious pyramid schemes.

"The tickets (share coupons) are now being printed. We really mean to do it. I could operate successfully in Britain, and you will see that for yourself soon," he told a press conference yesterday. He obviously has grander ambitions, taking seriously a humorous question about his presidential intentions.

The plumpish Mr Mavrodi would be lost in a crowd but has found a large role for himself in the new Russia. He won fame with AO MMM, which promised and, initially, paid gains to a claimed 10m customers in a crumbling pyramid scheme that made him a folk hero.

Since the beginning of the year MMM had promised – and to many delivered – wealth through the purchase of shares whose face value rose from Rbs1,600 in February to Rbs115,000 by July. But the "shares" were quoted on no exchange, invested in nothing and rose by fiat of MMM and Mr Mavrodi.

MMM seemed to have no means of making money other than the constant selling of its rapidly rising shares. After a triple salvo of government warnings on its solvency it admitted its virtual collapse on July 29, telling investors it had nearly run out of cash and offering a paltry 950 roubles (40 US cents) a share.

Jailed in September on still-pending charges of tax evasion, Mr Mavrodi nevertheless won a by-election in the Moscow suburb of Mytishchi on Sunday, even though he did not make a personal appearance in the district. He had the support of Mr Vladimir Zhirinovsky's Liberal Democrats – whom he called social democrats yesterday until corrected by a reporter.

There was an angry response by several thousand shareholders outside his offices earlier this week when MMM announced that the shares would not be redeemed until the beginning of next year, but he remains in the moon-promising business.

"There is no need to panic," he said. "In two months I will put MMM in order and then the shareholders will gain once more. Look, you only have to go to our selling points to see the thousands of people queueing up to buy the new shares – more than ever before."

His first task as a parliamentarian, he said, is to heal MMM. He has delegated the task of

Continued on Page 18

Joint chief executive to depart after 33 years at helm of conglomerate

Rowland to leave Lonrho board after battle with Bock

By Robert Peston in London

Mr Tiny Rowland is to retire from the board of Lonrho, following a protracted and bitter struggle with his fellow joint chief executive, Mr Dieter Bock.

His departure after 33 years at the helm of the international conglomerate will remove from the UK corporate scene one of its most controversial and charismatic characters. Mr Rowland, who was described by former prime minister Mr Edward Heath as the "unacceptable face of capitalism", created virtually from scratch a global trading group encompassing mines in Africa, a chain of international hotels and a complex web of other interests.

After two days of tempestuous negotiations between the warring chief executives, Mr Rowland yesterday agreed to surrender his executive responsibilities at the end of the year and to retire from the board altogether in March.

If shareholders agree, he will then be given the honorific title of president, allowing him to continue to visit African and Middle Eastern heads of state in the company Gulfstream jet.

Mr Rowland, who is 76, has fought off previous attempts to remove him from the company, but his colleagues said yesterday that the battle appeared to have been won by Mr Bock. "The papers are signed," said one. "It is a done deal."

According to a Lonrho director, Mr Rowland's reaction when told two days ago that a majority of the board were in favour of his departure was: "I will see you in hell first." But it was made clear to Mr Rowland by the company's chairman, Sir John Leahy, that "he had no option".

In the previous few days, Sir John – a retired diplomat who is only a temporary chairman – had taken informal soundings from the board. Directors were resolved to offer Mr Rowland the "opportunity to make an elegant exit", according to a financier. They were equally determined not to take "no" for an answer.

Lex ....Page 18

Out of Africa and into battle ....Page 25

Mr Rowland will continue to receive his current salary, of £1.24m, plus expenses and benefits until the end of next year. His "benefits" last year included £470,000 ($770,800) contributions to the costs of running homes in London and Buckinghamshire. His business expenses were more than £1m.

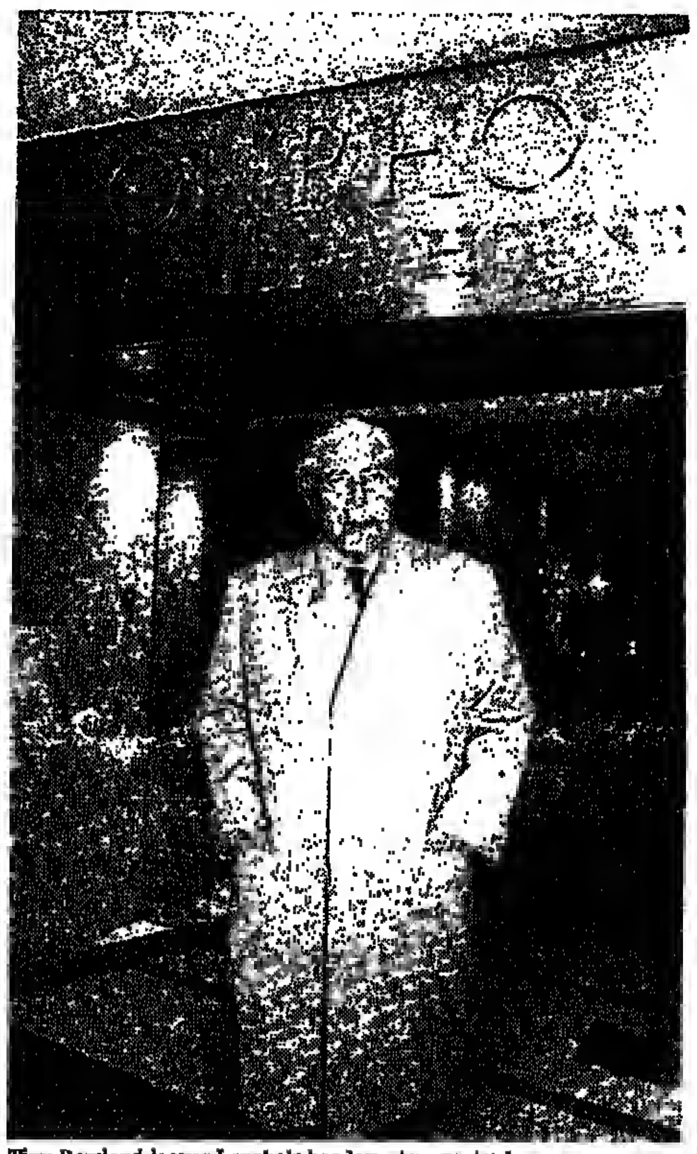
Mr Paul Spicer, a longstanding ally of Mr Rowland who retired from Lonrho's board earlier this year, said that his old friend had achieved one significant victory. Under a new arrangement relating to Mr Rowland's 6.5 per cent shareholding in the company, Mr Bock – who holds 18.8 per cent – no longer has the right to force Mr Rowland to sell him his shares on leaving the company or at the end of next year. Mr Spicer said: "He did not want to leave them [the shares] under the control of Mr Bock."

The historic contract paving the way for Mr Rowland's departure was signed by him at 4pm yesterday. It was ratified by the board at a meeting which began at 4.30pm and which Mr Rowland did not attend.

Mr Bock, who joined Lonrho at the start of 1993 when he bought his stake in the company, has had an uneasy relationship with Mr Rowland for more than a year. He felt his plans to reorganise Lonrho, which owns about 500 separate companies, were being frustrated by Mr Rowland.

He launched an abortive coup two months ago to oust Mr Rowland. Hours before September's board meeting he backed off from proposing that Mr Rowland should step down, when he became concerned that he could not count on the support of a majority. Since then, two of Mr Rowland's closest supporters have resigned from the board.

Mr Rowland has revelled throughout his career in battling opponents, from the "Straight Eight" directors who tried to oust him from the board in 1973, to Mr Mohamed Fayed, with whom he was reconciled last year after seven years of feuding over the manner by which Mr Fayed bought House of Fraser department store in London.



Tiny Rowland leaves Lonrho's headquarters yesterday Ashley Ashwood

Fed wins respite for ailing dollar ahead of jobs report

By Philip Gawith in London

The US Federal Reserve yesterday intervened in the currency markets for the second day running to support the ailing dollar.

Analysts said intervention had gained the dollar a short-term respite, without arresting the predominantly bearish sentiment towards the currency. Thin market conditions allowed the Fed to push the dollar higher.

However, the US currency faces an important test today with the publication of the monthly employment report. Financial markets regard the report as an inflationary indicator, and concern about rising inflation in the US is a main factor behind dollar weakness.

The Fed's action follows repeated intervention on Wednesday after the dollar fell to a low of Y96.05. Mr Lloyd Bentsen, the US Treasury secretary, warned on Wednesday: "Continuation of recent foreign exchange trends would be counterproductive for the US and the world economy."

Earlier in the year the administration came under fire for pursuing a policy of benign neglect towards the dollar. Critics said the US was using a cheap dollar to win greater access to Japanese markets. Mr Bentsen and the administration have since sought to stress that the administration favours a stronger dollar.

London stocks ....Page 41

Currencies ....Page 46

World stocks ....Page 50

The Fed first intervened yesterday towards the close of European trading, buying dollars at Y97.90 and DM1.5155, and then continued to buy at regular intervals. The intervention lifted the dollar to Y98 and DM1.5225 in afternoon trading in New York.

The US central bank appeared to be following a familiar pattern of buying dollars in waves through about 15 separate banks, in lots of about $10m per bank. Traders estimated that the Fed spent $1bn-$1.5bn buying dollars in Wednesday's intervention.

There is fairly widespread scepticism about the benefits of intervention without supportive monetary policy changes. Many believe the dollar will fall lower if not supported by higher US interest rates.

Many analysts expect the Fed to tighten monetary policy, lifting short-term interest rates by at least 50 basis points, if today's employment report shows continued strong economic growth.

Mr Robin Marshall, chief economist at Chase Manhattan in London, noted that "$25bn of Bank of Japan intervention through the year has massively exceeded Fed intervention, without turning the dollar trend".

Two reasons cited for the intervention were the US Treasury's desire not to have the dollar at record lows next week when US mid-term congressional elections, and the quarterly treasury refunding, take place.

Germany probes leak of industrial figures

By Christopher Parkes in Frankfurt

The German economics ministry is probing leaks of market-sensitive data, following a complaint from a foreign bank that German rivals had prior knowledge of industrial orders figures published yesterday.

Federal bond prices slipped as accurate reports of the stronger-than-expected data circulated before the official publication time.

It also emerged yesterday that leaks of monthly orders and industrial production figures, both the responsibility of the economics ministry, had been occurring for some months.

"This is now a normal thing with economics ministry figures," said Mr Holger Fahrinkrug, an economist at UBS in Frankfurt. "Our futures traders regularly come in to us with 'rumours' that turn out to be exactly right.

"In a civilised country all indicators driving the markets should be kept secret. The only fair way is for us all to be told at the same time," he said.

"It happens rather a lot," said Mr Stephen King, an economist with James Capel in London. "Whether it's serious or not depends on who is doing it and if anyone is making any money out of it.

"But things are a complete mess. Look at the quality of the data," he added, referring to industrial output figures, issued on Wednesday, which carried a warning that a preliminary 0.2 per cent decline in output was likely to be revised upwards by at least 2 full percentage points.

Analysts said the economics ministry should start the leaks probe in its own offices, since other key indicators such as money supply and inflation figures issued by the Bundesbank or the federal statistics office were never leaked.

Raw numbers generated by the statistics office were first passed to the central bank for seasonal adjustment and then transmitted to the ministry for publication.

Yesterday's information was

Continued on Page 18

CONTENTS

Strike-hit Iberia's staff seek sacking of bosses

By Tom Burns in Madrid

The Spanish government is under strong pressure to sack the chairman of INI, the public sector holding which owns Iberia, the state airline, together with some of the airline's senior executives after most flights were grounded yesterday in a worsening pay dispute.

Amid signs that the two main unions which called yesterday's stoppage risk losing control over the dispute, minority unions, representing ground staff as well as cabin crews, have called for partial atoppages today and more strikes over the next month.

Iberia has warned that an escalation of the protest, called to demand overdue back pay and in protest at proposed staff and salary cuts, would cripple the company financially. The airline is due to declare losses of Pta44hn (£216m) this year and yesterday's stoppage is estimated to have cost Iberia up to Pta1bo in lost revenue.

In a new twist to the dispute, the airline's middle management has taken the unprecedented step of calling on the government to remove senior executives of botb INI and Iberia. More than 500 of Iberia's 1,300-strong technical and intermediate level personnel signed a letter to the industry minister blaming senior management for the company's difficulties, and stressing that no viability plan would be accepted by the airline's staff while they remained in place.

A spokesman for the organisers of the petition said there was now a serious risk that the dispute could run out of cootrol because hardline minority unions were planning new stoppages and undermining the authority of the socialist-led General Workers Union and the communist-dominated Workers Commissions union, which had jointly initiated the strike action.

"Unless there is a hig top-level shake-up this strike is going to match in violence the ooa at Air France last year," tha spokesman said.

The October 1993 Air France strike cost Mr Bernard Attall his job as the airline's chairman and forced the French government to revise drastic spending cuts for the company which were similar to those envisaged now by Iberia.

The airline has proposed pay cuts averaging 15 per cent over the next three years, accompanied hy 2,000 further joh cuts as part of a viahility plan which combines reducing operating costs by 10 per cent with a capital injection of Pta125bn (£613m).

The targets of employee anger are Mr Juan Saenz, who was appointed Iberia's managing dlrector last year, and Mr Javier Salas, the chairman of INI and, since September 1993, also president of Iberia.

As INI chairman Mr Salas endorsed an ambitious airline investment programme by Iberia in Latin America which lies at the heart of the company's present financial difficulties. INI is now seeking authorisatlon from the European Union to use subsidies for the recapitalisation.

The industry minister, Mr Juan Manuel Eguiagaray, who is responsible for INI and has an ultimate say over Iberia and the group's other companies, is understood to be increasingly dissatisfied witb INI'a leadership. Criticism of the public sector holding company is also rife among members of the government's economic team, appalled at its mounting losses – Pta125bn in 1993, up from Pta72bn the previous year.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN: ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE: Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK: Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

Turkish artillery targeting Kurd hideouts during the previous offensive. For a month Turkish forces have been attacking guerrilla positions in Tunceli province Reuter

Turks turn full force of rage on Kurds

John Barham reports on one of the biggest offensives in 10 years of war against the PKK

Turkey's security forces have launched one of their largest offensives yet in the 10-year war against guerrillas of the separatist Kurdistan Workers party (PKK). They aim to crush the insurgency in the heavily Kurdish south-east once and for all by destroying the PKK's stores and supply routes before winter sets in.

The month-old campaign is the climax of Prime Minister Tansu Çiller's hardline anti-PKK policy. She abandoned former President Turgut Ozal's search for reconciliation on taking office in June 1993, just after guerrillas ended a short-lived ceasefire by massacring 32 unarmed soldiers.

But the conflict not only costs lives – 13,000 have died since fighting started in 1984 – it is also warping society, undermining the economy and distancing Turkey from its western allies.

The cost of fighting the PKK – estimated at $3bn-$7bn a year – is bankrupting the government, which finances its deficits by borrowing and printing money.

For a month, helicopters and jets have blasted away at suspected rebel hideouts in the rugged Munzur mountains of Tunceli province. Troops and guerrillas are clashing daily.

The government claims the offensive is working. Troops have seized caches of stores and the army says guerrillas are surrendering at a rate of two or three a day. Mr Davud Haner, Tunceli's assistant governor, is confident that "sooner or later" the PKK will be eliminated.

Few western analysts would agree. Previous "final offensives" have failed. Half Turkey's 500,000-strong army is based in the south-east, but the PKK, probably numbering less than 20,000, battles on.

Turkish conscripts are poorly trained, badly motivated and do not know the region. The PKK generally keeps the initiative, raiding villages and military outposts. Large areas of the south-east are no-go areas. Harsh mountain terrain provides well-protected staging areas and cover from air attack. Turkey's enemies, notably Syria, have armed and trained the PKK.

Far from winning hearts and minds, crack anti-guerrilla "special teams" are hated for their hrutality. The army's strategy of razing villages to deny them to the PKK further alienates local populations. Mr Musa Tok, a 70-year-old Kurdish peasant who fled his village oear Tunceli, said: "Soldiers gave me 10 days to clear out. What can I do? My father died defending Turkey and now I am being moved off my land."

A US human rights campaigner says that the PKK is probably more brutal than the army. "But the army has totally over-reacted and driven a basically apatbetic people towards the PKK."

Each new PKK outrage increases support for tougher action. In September, guerrillas murdered six teachers for teaching in Turkish rather than Kurdish.

Ominously, Mrs Çiller's uncompromising approach is one of her weak coalition government's few popular policies. She is dragging her feet on promises to reform security laws that allow police to detain anyone suspected of the vaguely-defined crimes of "separatism" or terrorism. By giving the generals responsibility for eliminating tbe PKK, she has further entrenched their considerahle political power. Last month the army prevented Turkish MPs – including the deputy prime minister – from visiting areas of Tunceli where, according to media reports, troops were hurning villages.

Remarkahly, these reports sparked an anguished public debate over army operations in the south-east. Until now, most Turks have viewed the army as guiltless in its fight against the PKK. Yet Amnesty International has often accused the security forces of exacting fearsome reprisals on civilians for guerrilla attacks. It also suspects security forces of torturing and assassinating opposition activists.

Human rights violations disturb Turkey's allies. The US has cut aid to Turkey. In October, the European parliament suspended ties with Turkey's parliament in protest at the treason trial of 15 Kurdisb MPs. Strasbourg is demanding the right to debate ratification of the customs union with Turkey scheduled for 1996. If it does so, it could well reject the customs union, a cornerstone of Turkish foreign policy.

Western governments repeatedly tell Turkish officials that a purely military approach cannot work. They urge the governmeot to isolate the PKK hy offering regional autonomy and allowing education and broadcasting in Kurdish.

But Mr Ecvet Tezcan, a foreign ministry official, says: "We are going to fight. There is no other way out. Europe sbould understand that this is a question of our survival [as a state]."

The south-east is Turkey's most backward region, still in the grip of feudal landlords. Althougb the government spends lavishly on infrastructure in the region, ootably the $10bn GAP hydroelectric project, the expenditure benefits few local people.

Mr Mazlum Arslan, Tunceli's moderate mayor, says: "As well as fighting terrorism, the government must provide jobs, roads, freedom and democracy. We are all totally against terrorism. But if yon do not provide this, you [justify] them."

Turkey's pro-Kurdish Hadep party annonnced yesterday that it would not participate in elections next month to fill 22 seats in parliament, citing "negative and anti-democratic conditions", writes John Barham in Ankara.

The decision followed a threat issued on Wednesday hy separatist PKK guerrillas that candidates fighting the elections would be targeted.

Cypriots join in the Aegean war of words

By Bruce Clark, Diplomatic Correspondent

Tha gap hetween Greek-Cypriot and Turkish-Cypriot positions over the island's future is widening ominously, at a time when Athens and Ankara are already squaring off over territorial rights in the Aegean.

Greek-Cypriot officials have in the last few days accused both the Turkish Cypriots and Ankara of renouncing the 1977 and 1979 agreements – calling for the island to be reunited as a bi-zonal federation – which have served as the basis for all subsequent negotiations.

Leaders of the island's Greek Cypriot majority have always argued for as full-hlooded a federation as possible, while the Turkish Cypriots want relatively loose ties between mainly Greek and mainly Turkish zones.

Until recently, UN-sponsored negotiations have proceeded on the basis that a federal Cyprus would be a sovereign state, albeit loosely structured.

But Mr Mumtaz Soysal, the new Turkish foreign minister who has called for a tougher stance on Turkish-Greek disputes, caused a sensatlon in Athens this week hy saying that both parts of Cyprus were and would remain sovereign entities.

He said the Cyprus problem was "half-solved already" and all that remained was for the two sides to agree on co-operation in such areas as tourism and the environment.

The Turkish minister's words were denounced hy the Cyprus government, although there was quiet satisfaction among hardline Greek politicians, who have all along doubted the value of reconciliation talks.

"We are at a worse impasse than before," said Mr Alecos Michaelides, foreign minister in the Greek Cypriot government. "They [the Turkish Cypriots] are now abandoning the idea of a federation ... and this makes it difficult even to start discussions."

The Greek Cypriots are now expected to intensify pressure on the UN for a statement that blames Turkisb totransigence for the lack of progress. They are also stepping up their campaign for accession to the European Union, something the Turkish side opposes as long as there is no settlement.

In a separate Greek-Turkish dispute, Mr Soysal has again warned Athens that Turkey will go to war if Greece exercises the option of extending its territorial waters from six miles to 12 after November 16, wheo a new international law on the sea enters force.

German parties want to reimpose unification tax

By Judy Dempsey in Bonn

Germany's three potential coalition partners yesterday agreed that a controversial tax surcbarge introduced shortly after the reunification of East and West Germany in 1990 and dropped in 1993 should be reimposed.

In negotiations on a coalition programme, the Christian Democratic Union of Chancellor Helmut Kohl, the Christian Social Union, its Bavarian-sister party, and the liberal Free Democrats, promised to reduce the state's share of GDP from 51 per cent to 46 per cent by 2000, cut 14,000 federal government jobs, and introduce more privisatisation, particularly in the transport sector and telecommnications.

Mr Erwin Huber, general secretary of the CSU, said all parties had agreed that the "solidarity" tax surcharge would be reintroduced next year since it was a crucial instrument to reduce the budget deficit which had awelled following financial transfers of DM150bn (£61bn) to eastern Germany since reunification. The 7.5 per income tax surcharge is expected to raise an annual DM27bn to DM29bn. The current deficit is DM68.8bn.

Until yesterday, the FDP had insisted that the coalition impose a timetable for ending the tax, but Mr Theo Waigel said this week it was "unrealistic". FDP officials said they "could live with the compromise" in which the tax will be reviewed annually.

However, Mr Werner Hoyer, general secretary of the FDP, won some other concessions in the party's hid to reduce the role of the state, cut back the hureaucracy and gain more financial assistance for the Mittelstand, the small and medium-sized enterprises considered tbe backhone of the German economy.

Massive public works, particularly for the infrastructure in eastern Germany could be thrown open to the private sector.

Mr Peter Hintze, general secretary of the CDU, said the role of the state would be further reduced as the coalition would attempt to scrap or decrease the hureaucracy, while enterprises would be given more opportunity to introdnce part-time work as a means of promoting more employment.

"The next legislative period will try and push through more debureaucratisation," said Mr Hintze.

Doubts temper recovery

By Michael Lindemann in Bonn

German husiness yesterday warned that a robust economic recovary was in danger of papering over persistent weaknesses in the economy, caused mainly hy pressure for higher wages and increased taxes.

"There are doubts about the steadiness of the recovery," said Mr Franz Schoser, a spokesman for the German Chamber of Commerce and Industry (DIHT), which polled 25,000 companles for its antumn survey of husiness confidence.

The survey findings are a timely reminder for Chancellor Helmut Kohl's new government already warned by the Employers Federation, which called for an urgent restructuring of the social security system.

Many of the companies surveyed are waiting for the outcome of talks on forming the new government, due to end in the next 10 days, before committing themselves to medium-term strategy, the report said.

Companies in western Germany will still suffer from weaker consumer demand next year, the report warned, caused by an array of taxes, including the reintrodnced solidarity surcharge for eastern Germany and new insurance and health charges.

They are also worried that the wage talks in the spring will lead to higher wage rises.

The trade unions are likely to push for an extra 6 per cent while Mr Hans-Peter Stihl, the DIHT chairman, said recently that a pay rise close to the inflation level, now just under 3 per cent, would be acceptable following a round of zero pay rises this year.

Despite the economic recovery only 9 per cent of west German companies said they were planning to hire new staff, up from 5 per cent this time last year; 28 per cent said they would be shedding jobs.

The report also warned that machine running times were too slow and that more and more companies were moving production facilities abroad to take advantage of cheaper labour costs.

Russian row may hit IMF backing

By John Lloyd in Moscow

Growing hostility between the Russian governmeot and President Boris Yeltsin is threatening to derail ambitious plans by the International Monetary Fund to support the Russian economy next year.

Efforts by the president's Security Council to hlame – and possibly remove from office – important economic reformers following an inquiry into the causes of the Russian rouble's dramatic collapse last month may disincline the Fund to make np to $14bn available to Moscow next year.

Observers believe Mr Yeltsin is now strongly opposed to government plans to peg the currency and bring down inflation to I per cent a montb next year. The Fund supports the plan and it has latterly attracted the apprnval of the Group of Seven nations.

The struggle burst toto the open yesterday when Mr Alexander Shokhin, deputy prime minister in charge of the economy, said he would not work with candidates now being considered for the post of finance minister who would be drawn from the president's office. He said the tougb 1995 hudget, backed by Mr Chernomyrdin, was a "uniqne opportunity" to break the cycle of high inflation which has dogged Russian reform for three years.

The government is preparing a letter of intent which will be the basis on which the IMF would advance loans of up to $14bn next year to fund the budget deficit and to support the rouble if and when it is pegged to the dollar. Though differences remain between the IMF and the government – on the rate at which the rouble will be pegged and on whether the stabilisation fund will be lodged with the government or retained under the control of the IMF – the two sides agree on the basic parameters of the budget and on the oeed for rapid action.

However, oppooents of the budget, including Mr Alexander Livshits, an ecooomic advisor to Mr Yeltsin, have said they do not believe tbe economy can support, or the parliament agree to, sucb a tough policy – and argue for a target monthly inflation rate of 5 per cent a montb next year, an option the government considered and rejected in September. Such a target would be highly unlikely to attract IMF or G7 support

The opponents have seized the opportunity afforded by the report of the Security Council's commission – completed this week but unpublished - on the events surrounding "Black Tuesday" on October 11, when the rouble lost a quarter of its value in one day.

The report blames the fall on Mr Shokhin, together with the former minister of the economy, Mr Sergei Duhynin, and former central bank governor Mr Victor Gerashchenko, along with other officials.

Both Mr Dubynin and Mr Gerashchenko resigned last month, while Mr Yeltsin yesterday fired Mr Victor Krunya, director of the Federal Currency and Export Control Service, for his part in the affair. Mr Shokhin, as the senior remaining economic minister, is now in a precarious position, as is the budget and the reform strategy. G7 officials believe the budget offers a last chance to stahilise the rouhle and hring down inflation to allow badly needed domestic and foreign investment.

EUROPEAN NEWS DIGEST

Russia protests over submarine

The commander of Russia'a Northern Fleet said yesterday a US submarine had been discovered in territorial waters off the Arctic Kola peninsula and had left only after being given several warnings. Admiral Oleg Yerofeyev said the craft had been detected on Wednesday eight kilometres off the entrance to the narrow Kola Bay – which lies 30km from the huge top-secret naval base at Severomorsk, home to the Northern Fleet. The foreign ministry said the craft was located in almost exactly the same spot where the US nuclear submarine Baton Rouge crashed into a Russian nuclear submarine in February 1992. However, the Northern Fleet later said the craft's identity had yet to be confirmed.

Admiral Yerofeyev said that, given that Moscow had cut its naval operations, "provocations by western submarines can only spark Russian worry and condemnation." He added: "If foreign submarines continue to carry out dangerous manouevres off our shores it could lead to new incidents with serious and unpredictable consequences." Interfax news agency said it was the third time in two years that a US submarine had been found in Russian waters. *Reuter, Moscow*

Bosnian Croats take key town

The Bosnian Serb army admitted yesterday that the town of Kupres in central Bosnia had fallen to Bosnian Croat forces after heavy fighting. Croat forces – in their first joint offensive with Bosnian government troops since resuming their alliance last March – recaptured the town, which was 51 per cent Serh and 39 per cent Croat before the war broke out. Kupres is the first important town the Bosnian Serbs have lost since the war began 31 months ago. The upsurge in fighting cast a shadow yesterday over the reopening of peace talks between Croats and rebel Serbs in Knin, the Serb stronghold just over the border in neighbouring Croatia.

Yesterday cracks appeared for the first time in the news hlackout on the conflict imposed by Serbia. Belgrade radio reported the week-long Moslem offensive which until yesterday it had ignored. The Bosnian Serbs have hlamed the hlockade imposed by Serbia three months ago for their recent losses. *Laura Silber, Belgrade*

Swedish No voters lead poll

The campaign to win Swedish entry to the European Union was jolted yesterday when an opinion poll showed a swing against membership, in contrast to other recent polls showing the "yes" side set for a narrow win in the referendum on November 13. The latest poll, in the newspaper Aftonbladet, gave the No camp 38 per cent support against 36 per cent in favour of membership. Most worrying for the Yes campaign, led by Social Democratic prime minister Ingvar Carlsson and strongly supported by most of Sweden's political and industrial establishment, was the poll'a finding that significantly more of the 25 per cent of voters yet to make up their minds were more inclined to vote No than Yes. The left-dominated No side has mounted a strong campaign, arguing that membership will undermine Sweden's independence, its neutrality and its freedom to maintain its big welfare system. The poll was cited by market dealers as the main factor behind a sharp rise in long-term interest rates and a weakening of the Swedish krona yesterday. *Hugh Carnegy, Stockholm*

Greek telecom sale approved

The Greek parliament has approved legislation allowing the partial privatisation of OTE, the state telecoms monopoly through a flotation on the Athens stock exchange. In a stormy session on Wednesday night, 12 deputies from the governing Panhellenic Socialist Movement, most of them ex-trade union leaders, abstained or voted against the law. OTE employees, striking in protest against the flotation, blocked traffic outside parliament. The law calls for tariff increases of 40 per cent on local calls in 1995 and 9 per cent in each of the following two years, so that OTE'a domestic network can break even by 1997. The vote cleared the way for 25 per cent of the company to be sold next month. Eighteen per cent will be placed with institutions abroad and the remainder offered to local investors. The government expects to raise over Dr320bn from the flotation, but two-thirds will be set aside to fund OTE's five-year modernisation plan. *Kerin Hope, Athens*

Hungary sets sell-off target

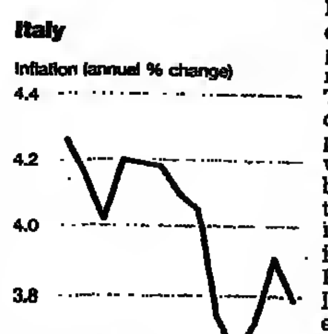
Hungary's Socialist-led government yesterday approved sweeping changes to privatisation regulations, with the aim of completing the sale of most state companies by the end of its term in 1998. To make administration of privatisation more efficient and less expensive, Mr Laszlo Bekesi, finance minister, said AVU, the state property agency, and AV Rt, the state holding company, would be merged into a single company. Officials said the government would aim for rapid sales rather than restructure companies ahead of privatisation. Sales to cash bidders would be preferred, with revenue generated from the sale of hlue chip companies used to pay off state debt. The new strategy envisaged greater use of the country's nascent capital markets, Mr Bekesi said. The cabinet also agreed to retain full ownership of fewer companies, just 46, in strategic areas such as forestry, research and railways. *Virginia Marsh, Budapest*

Berlusconi relents on bank chief

The Berlusconi government is due to give its long-delayed approval today for the appointment of Mr Vincenzo Desario as director-general of the Bank of Italy. On October 18 the central bank's governing council named Mr Desario, junior of the two deputy directors, to replace Mr Lamberto Dini, who became treasury minister in May. But approval has been held up to register the government's protest over the bank's refusal to let the right-wing coalition chose an outside candidate. Mr Berlusconi yesterday met Mr Desario along with Mr Dini, who opposed the choice of an Internal candidate. The meeting was intended to clear the air over the five-minth row. *Robert Graham, Rome*

ECONOMIC WATCH

Italian inflation turns downward



Italy's annual inflation rate dropped hy 0.1 per cent to 3.8 per cent in October after two months of small increases. This year, growing business confidence has led to autumn price rises being brought forward from October to September. As a result, it was expected that inflation would fall in October, but the reduction is less than predicted. The Bank of Italy's quarterly bulletin, published thia week, estimated 1994 inflation at "around 4 per cent" against the official objective of 3.5 per cent and 2.5 per cent in 1995. *Robert Graham, Rome*

■ Orders for west German manufactured goods recovered strongly in September, rising 4.8 per cent on the month and more than 9 per cent on the level a year earlier. The figures, which the economics ministry said were likely to be revised upwards by up to one percentage point, showed a 12 per cent rise to foreign demand and a 1 per cent increase in domestic orders.

■ Seasonally adjusted Danish unemployment fell sharply from 12.2 of the labour force in September to 11.7 per cent in October. The decline by 12,500 to 328,400 jobless is the biggest monthly fall so far recorded. Unemployment was 12.5 per cent in September last year.

California split over anti-immigrant plan

By Jurek Martin in Washington

US MID-TERM ELECTIONS
November 8

Opposition to California's Proposition 187, denying social services to illegal immigrants, appears to be gathering momentum, with opinion in the largest state increasingly divided along racial lines. A poll of Hispanic-American voters released this week by the Southwest Voter Research Institute found 57 per cent opposed to the proposition, which is on the state ballot in next Tuesday's mid-term poll, and only 15 per cent in favour, with the balance undecided. This stands in aharp contrast with surveys in mid-October showing that nearly half the legal Hispanic residents supported it.

The most recent state-wide poll by the Los Angeles Times, published a week ago, still gave the initiative a 51-41 per cent lead among likely voters, but this was well down on the 59-33 per cent margin of two weeks earlier and the two-to-one edge of September. Some recent reports from the state suggest more rapid arosion since.

Opposition has also been fanned by the Mexican government. A foreign ministry statement in September complained of the "xenophobia and racism" implicit in the proposal. Three Sundaya agn, abont 70,000 paraded in Los Angeles in protest, many waving the Mexican flag – mnch to the fury of the initiative's supporters. On Wednesday ahont 10,000 schoolchildren, the majority Hispanic, walked out of city classrooms to demonstrate.

State professional organisations have also begun to make their opposition more vocal. This week, 1,000 teachers signed a pledge refusing to abide by the provision in the proposition that would oblige them to report to the federal government any case in which the parents of schoolchildren were suspected of being illegal immigrants.

Several hospitals and medical associations have also threatened to refuse to comply with the reporting provision, and have warned of the broader public health consequences of denying healthcare to illegal immigrants. Opinion from local chambers of commerce, representing businesses with long histories of employing illegal immigrants, is equally negative.

Mr Pete Wilson and Congressman Michael Huffington, Republican candidates for governor and senator respectively, have remained steadfast in support of Proposition 187, while their Democrat opponents, Ms Kathleen Brown and Senator Dianne Feinstein, have campaigned against.

Mr Wilson's stand helped him move ahead of Ms Brown while the initiative appeared to command hroad support and has not hurt him since opposition to it has grown. Mr Huffington, however, has heen greatly embarrassed by the disclosure that be had employed a British nanny without proper papers. Most polls have Ms Feinstein holding a five-point lead, though one Los Angeles TV survey yesterday had Mr Huffington two points up.

Many other prominent state politicians have refused to take a position either way. They include Mr Richard Riordan and Ms Susan Golding – very mnch in the front line on immigration as mayors of Los Angeles and San Diego – on the grounds that they do not want to encourage divisiveness in their cities.

Mr Dan Lungren, the state attorney general locked in a tough re-election hattle, has also remained on the fence.

If the public tide in the last two weeks has seemed to flow against Proposition 187, it is still rather more likely to pass than not and it may yet benefit from a white suburban backlash in its favour.

President Bill Clinton campaigns for next week's mid-term elections in Rhode Island yesterday AP

Ontario acts on workplace equality

Bernard Simon on a new law encouraging employers to improve the lot of minorities

Ontario hopes its new affirmative-action law will succaed where other approaches have failed to improve work prospects for disadvantaged groups.

The Canadian province's Employment Equity Act, which took effect on September 1, goes beyond voluntary compliance hut stops short of the racial and other quotas which have been favoured by some US states.

"We want the workplace to develop its own plan, which it wants to implement," says Ms Juanita Westmoreland Traoré, the lawyer who is the province's first employment equity commissioner.

The new law is designed to help four groups: women, visible minorities, the disabled and aboriginals. It applies to every private-sector employer with more than 50 people on the payroll, and to all government agencies with more tban 10 workers.

The government estimates that 17,000 employers and almost three-quarters of the province's workers will be involved in the exercise.

A sizeahle hureaucracy is being brought together to monitor progress. The Employment Equity Commission, based in Toronto, has an annual hudget of C$9.3m (£4.4m) and will eventually have a staff of about 100. An employment equity trihunal is also being set up to hear complaints and settle disputes.

Every employer must go through a step-by-step process over the next three years: a campaign to inform workers about the law, consultation with them, and production of an "employment equity plan".

The timetable is staggered, depending on the number of employees. For instance, private-sector employers with more than 500 workers must have their plans in place by March 1996.

The law is deliberately vague on the scope of the plans. It says only that they should "remove harriers and make reasonable progress towards achieving employment equity".

Ms Traoré defines a barrier as "a policy or practice that more negatively affects the designated groups than others". She adds: "We expect that employers will look to the spirit of the act and develop a plan that fits it."

As examples, she cites jobs which require "Canadian experience" – a criterion which canoot be met by new immigrants, a growing proportion of whom are hlack or oriental. Some employers may have to rearrange work schedules to take account of non-traditional religious holidays.

Ms Traoré, who is black, stresses that the new law does not require disahled people to be employed in jobs which require agility or physical strength.

But she draws a distinction between a job requirement and a tradition. The latter would include the Royal Canadian Mounted Police's insistence a few years ago – but subsequently withdrawn – that Sikh recruits forsake their turbans for the Mounties' well-known Stetson.

> Three-quarters of the province's workers will be involved in the exercise

The business community has mixed feelings about the new law. "We expected worse," says a human resources manager at one large company. The manager gives Ontario's Social Democratic government credit for consulting widely on its proposals, and for watering down some of the harsher provisions before they hecame law.

But Mr Joe Couto, an official at the Ontario Chamber of Commerce, asks whether many companies, especially smaller ones, have the resources to carry out extensive and often complex surveys and consultations. "This is going to be a boon for consultants," he predicts.

Some businesses are concerned about a backlash from white male workers, who could accuse employers of reverse discrimination.

Dofasco, Canada's higgest steelmaker, has tried to reduce these fears hy expanding its employment-equity efforts to include all employees. "We're trying to recognise that everyone has differences and that these don't hinder thair contribution to the workplace," says Ms Linda Bishop, Dofasco's manager for human resources planning.

Canada Trust, a large financial institution, has already identified several ways in which it can further the interests of the four disadvantaged groups without stirring resentment among the workforce at large.

The company has decided, for instance, to place job advertisements not only in Toronto's mainstream dailies but also in newspapers catering to specific ethnic groups. It is about to launch a 10-week pilot programme for potential recruits who have developmental handicaps, such as dyslexia.

A year ago, Canada Trust introduced an "alternate work option", which allows all employees to choose flexible work hours, job sharing, work-at-home options or any other arrangement which suits them without harming their productivity.

"This is a business opportunity," says Ms Heather Conolly, manager of workplace equality. She also says, however, that complying with the new act will require "horrendous" paperwork.

Ms Traoré acknowledges that the success of the new regime will hinge on employers' enthusiasm. "If it works the way we want it to work, it should have its own inherent dynamism," she says. "People will see that it's in their self-interest."

There is little in the law to force compliance. No deadlines are set for implementing employment equity plans. The law spells out a near-endless process of consultation, mediation and appeals.

If all else fails, the employment equity tribunal can alter a plan. But if the employer fails to comply, the tribunal can impose a maximum fine of only C$50,000 (£22,800) – which is unlikely to be high enough to bring reluctant employers into the employment-equity fold.

AMERICAN NEWS DIGEST

Warhol leads Christie's auction

Christie's held one of its most successful auctions of contemporary art ever in New York on Wednesday night, raising $14.56m (£8.8m) and with 44 of the 50 lots finding buyers. In terms of value the auction was 96 per cent sold. Given the nervous state of the market in the last four years this was a great achievement, suggesting that Christie's had been shrewd in its choice of works to sell and in its reserves and estimates.

The top price was the $3.63m paid for an Andy Warhol silkscreen portrait of Marilyn Monroe, "Shot Red Marilyn", which had a $3m top estimate. The work, considered the best of Warhol's many Marilyn portraits, gained its title after a would-be assassin shot the picture rather than the artist. In May 1989, at the top of the market, it had sold for $4.07m to the Japanese collector Masao Wanibuchi.

There were new auction records for four artists, including Donald Judd, Sigmar Polke, Francesco Clemente, and the notorious Jeff Koons – $233,500 for a stainless steel bust of Louis XIV. Other high prices in an auction dominated by American collectors were the $596,500 for "Untitled" by Anselm Kiefer, which was bought by the North Carolina Museum of Art; $574,500 for "Canopic Head, 1951", a steel sculpture by David Smith, the leading abstract expressionist sculptor of the 1950s; and $530,500 for another large steel sculpture by Smith, "Primo Piano I". *Anthony Thorncroft, London*

Boost for US house sales

Strong sales in the northeast and south helped boost US sales of new single-family houses 2.6 per cent in September to a seasonally adjusted annual rate of 703,000, the Commerce Department said yesterday. September's increase followed a revised 7.9 per cent rise in August to a seasonally adjusted annual rate of 685,000. The August rise previously was reported as 9.7 per cent.

New home sales have now risen for three straight months. Economists said the higher level of new home sales demonstrated the economy's vigour despite the Federal Reserve's five rounds of credit tightening so far this year. The economy "continues to perform above the pace which the Federal Reserve has indicated it is desirous to slow it to," said Mr Allan Leslie, chief economist at Discount Corp of New York. *AP-DJ, Washington, and Reuters, New York*

Falklands flights 'unlikely'

Britain's Civil Aviation Authority is "unlikely" to grant permission for a weekly flight between Uruguay and the disputed Falkland Islands because of concern over safety standards, according to Mr Roger James, deputy head of mission at the British embassy in Montevideo.

Air Atlantic Uruguay ran its inaugural four-hour flight, in a converted Hercules 130 leased from the Urugnayan air force, in September, but has since been refused permission to fly. "The problem is the use of a military plane for a civilian flight," said Mr James. "At the moment things are stuck but we are trying to resolve the issue."

In principle, the British are keen to see more flights to the Falklands, which since the British-Argentine conflict of 1982 have been practically cut off from the Latin American mainland.

The Air Atlantic flight, whose maiden trip brought fresh fruit and other rarities to the isolated South Atlantic islands, was the first of its kind since the war. *David Pilling, Buenos Aires*

Singapore ministers to get big pay rises

Singapore's parliament agreed yesterday that ministers and civil servants, already among the world's highest paid, will get hefty pay rises to make their salaries more competitive with the private sector, Reuter reports from Singapore.

Parliament backed government proposals by 61-6 for salary rises starting in mid-1995 aimed at keeping and attracting the island state's top talent. The government was setting out to change the perception of a job in civil administration to one of the top-earning professions, Prime Minister Goh Chok Tong told parliament.

"We are not here to vote for more pay for ourselves." The aim was to establish a system to attract, retain and remunerate top executives and professionals. "For a minister, we want the people who will rank among the top 100 of salary earners."

But Mr Goh, who earns nearly S$96,000 (US$65,600) a month, said he would exempt his own salary from the pay rise, giving him "the moral authority to make a case for the civil service and future ministers". His pay would be reviewed by an independent panel.

In Singapore in 1993, Mr Goh added, 26 lawyers earned more than S$1m a year, and three of these were aged 36-40. On Tuesday, Singapore's elder statesman Lee Kuan Yew defended the pay rises as the only way to attract the best minds from the booming private sector.

Under the changes, a minister's pay will be set at two-thirds the average earnings of the four highest earners in six top-paying private professions. Senior civil servants' pay will also be based on earnings in the six professions.

At present, ministers earn S$48,900 a month while the average salary of a senior civil servant is S$13,000 a month.

Official figures on the rises have not been given, but one local newspaper estimated a minister's annual salary would rise to just over S$800,000 from its present S$600,000.

HK airport signing is short of real deal

UK-China tensions still bedevil agreement on funding the project, writes **Simon Holberton**

Officials from Britain and China meet today to sign an agreement on the funding of Hong Kong's HK$158bn (US$20.5bn) airport project.

While it is an important symbolic occasion demonstrating that the two sides are committed to resolving their differences on the matter, a vital element will be missing.

Without so-called "financial support agreements" necessary for borrowing, today's agreement amounts to little more than a refinement of the "memorandum of understanding" that Mr John Major, Britain's prime minister, flew to Beijing to sign in September 1991. And that committed the Chinese government to taking just one month to approve the financial details of the airport project.

The six-point agreement to be signed today will cap permissible public debt at HK$23bn and provide for a HK$60bn equity injection into the two public corporations responsible for the airport and its connecting railway.

The Mass Transit Railway Corporation (MTRC) will receive an equity injection of HK$23.7bn and be allowed to borrow up to HK$11.4bn, while the Airport Authority (AA) will receive an equity infusion of HK$36.6bn and be allowed to borrow HK$11.6bn.

To satisfy China's aversion to debt finance, the Hong Kong government has committed itself to paying in more equity rather than increasing borrowings in the event of cost overruns.

The "financial support agreements" missing from today's signing are the documents the MTRC and the AA need before they can approach financial markets for borrowings.

Chinese officials have told their UK counterparts that they will deal expeditiously with these agreements. They have indicated that the MTRC's support agreement can be dealt with first while the AA's will have to await its formal incorporation after legislation has been passed later this year.

Patten (right): deal in 'days' turned into more than a week, while Lu Ping played down its significance

Since March 1992, when the Hong Kong government put forward its first financial plan, it has often been hard to believe that the central point at issue was the funding of an airport and its railway. The ensuing talks became entangled in the long-running Anglo-Chinese dispute about democracy, overlaid by concerns that the airport was a British ploy to strip Hong Kong of its riches, and was possibly not even necessary.

Only after the political dispute was played to a stalemate in June this year did the issue of airport finance become resolvable. The airport talks have, therefore, been a metaphor for Anglo-Chinese relations.

In the end, as always, China's will has prevailed. It never liked the idea of funding the project with debt, in spite of the fact that 1992 and 1993 were the two best years in a generation in which to borrow long-term. So the proposed HK$73bn of debt was reduced to HK$23bn.

It always sought, and won, the advantage in negotiation. When, during the summer, the UK sought to get agreement for both the minute and the support agreements China balked. It wanted the minute first, then talks about the support agreements; that is what it got.

When Governor Chris Patten ill-advisedly said in London last week that an airport agreement was only "days" away, Beijing made sure that he was made to wait more than a week.

To add insult to injury, in Beijing on Wednesday night Mr Lu Ping, China's top official in charge of Hong Kong affairs, sought to play down the significance of the airport deal for China's broader relationship with Britain over Hong Kong.

"It does not solve everything," he said. "It does not mean that everything about the transition of Hong Kong is smooth sailing."

Indeed not. At the same time as officials were inching their way toward the deal to be signed today there were signs of other rows on the horizon. The Hong Kong government's award to Gammon, a Jardine group company, of a HK$790m contract to build a naval base for the Chinese navy has been loudly condemned by Beijing. Gammon submitted the lowest tender of the seven companies that competed for the contract, but Beijing has been angered by Jardine's delisting from the Hong Kong Stock Exchange, which has been seen as a vote of no confidence in China's future administration of the territory.

The Chinese foreign ministry said yesterday that Beijing expected to be consulted and informed of the outcome of tenders.

There are modestly encouraging signs that a way ahead is emerging. Last week a senior official from Hong Kong's Monetary Authority attended a "seminar" in the colony organised by Beijing's 1997 advisers. He gave the government's view on why Hong Kong's exchange rate peg to the dollar should be preserved – a view that was quickly agreed to by Beijing.

Such artificial occasions may not be an ideal way for Hong Kong to discuss issues of importance with its future landlord, but in the absence of a breakthrough in Sino-British ties, which no one expects, they are about the best Hong Kong can muster these days.

Taiwan tightens rein on dealings

By Laura Tyson in Taipei

Taiwan's central bank, custodian of one of the world's biggest hoards of foreign exchange reserves at $91bn (£56bn), has launched a crackdown on "speculation" in the local currency to prevent further appreciation which could hurt exporters.

The Central Bank of China yesterday cleared three foreign banks of illegally speculating on the Taiwan dollar after investigating their transactions during Wednesday's volatile trading session.

"After looking into it, we found no wrongdoing," said Mr Chang Pao-hsi, head of the central bank's foreign exchange department. "We found they did have a genuine need" to buy US dollars on the forward market.

The central bank imposes strict limits on banks' overbought and oversold positions in the spot and forward foreign exchange market, to limit their ability to take positions. Dealing activities involving the local currency are intended only for trade-related purposes.

Suspecting violations of foreign exchange trading regulations, the central bank sent inspectors to the Taipei branches of ABN-AMRO Bank, American Express Bank and Chemical Bank after the close of trade on Wednesday to check their books. The banks were subsequently cleared.

The investigation received banner headlines yesterday in the mass-circulation China Times newspaper and financial dailies in what observers said was a clear signal to foreign banks to stop taking positions in the local currency.

A foreign banker said the moves were consistent with a central bank proposal earlier this week to develop Taipei into a regional financial centre modelled after Singapore, which discourages speculation in the Singapore dollar.

But he added: "It would be fair to say that what some people call speculation, others would call trading."

Islamic activists shoot Pakistan deputy dead

Islamic activists in north-western Pakistan, agitating for the enforcement of Sharia laws, shot dead a ruling-party member of the provincial parliament yesterday, government officials and witnesses said, Reuter reports from Peshawar.

Mr Badiuzzaman, a North West Frontier Province Assembly deputy and a member of Prime Minister Benazir Bhutto's Pakistan People's party, had been killed in the town of Mingora, said an official in the provincial capital, Peshawar. Doctors said an Islamic activist had also been killed and at least six people wounded in gunfire in the town.

The armed Islamists had occupied several government buildings since Wednesday and taken several government officials hostage. They had also besieged the home of Mr Habibur Rehman, the provincial sports minister, and stopped him leaving to address a rally, witnesses said.

Masked activists were roaming the streets, checking vehicles for police or militia. Groups of armed men took positions on nearby mountains to stop security forces entering the town. Some activists also occupied the control tower at the nearby airport, forcing a halt to flights.

The agitators are members of the hardline Tanzim Nifaz Shariat-I-Mohammadi (TNSM), which has campaigned for months for enforcement of Sharia Islamic law in the predominantly tribal Malakand Division area.

Shortly after yesterday's shooting, provincial Chief Minister Aftab Ahmad Sherpao announced Islamic laws for the area would be published within a week and Sharia courts set up within a month.

A provincial government spokesman called the agitators "miscreants". The government was taking every step to curb their activities, he declared, but did not elaborate. Government officials said paramilitary forces were heading for the area. Last May, at least 10 TNSM protesters were killed in a battle with paramilitary forces when the organisation assembled an estimated 25,000 tribesmen to press their demand.

The demonstrators dispersed after the authorities issued a notification agreeing to their demand. But the TNSM said the Islamic law had not been enforced.

● F L Smidth, the engineering division of the Danish company FLS Industries, has won a DKr740m ($125m) contract to build Pakistan's largest cement mill with an output of 5,500 tonnes a day, Hilary Barnes reports from Copenhagen. The order was placed by Chakwal Cement Co, with financing raised locally and a share issue managed by Union Bank of Switzerland.

The plant, due to come on stream within three years and sited 100km south of Islamabad, is the sixth complete cement plant F L Smidth has sold to Pakistan since 1990.

NEWS: INTERNATIONAL

Accidents cast pall over South Korea contractors

John Burton on corruption and cost pressures in the construction industry

The recent collapse of a Seoul motorway bridge has exposed the problems affecting domestic public infrastructure projects caused by corruption and low bid prices in a huge construction industry that accounts for almost 12 per cent of South Korea's gross national product.

Contractors for public works projects are allegedly forced to take short-cuts in construction if they want to achieve profits. There are few apparent problems in tha private construction sector, where higher prices are paid.

The accident, in which 32 people were killed, has cast a pall over South Korean contractors and foreign construction companies will, as a result, "have a much better chance than before of winning public sector orders" once barriers to the domestic market are removed in 1997, according to Mr Hwang Bong-mok, construction analyst at W I Carr Securities in Seoul.

Investigators are still trying to determine whether substandard construction by Dong-ah Construction, the Songsu bridge's builder, or poor maintenance by city authorities was the main cause for the collapse of the 15-year-old structure. But the incident follows accidents involving other infrastructure projects, including the collapse of seven other bridges over the past decade.

Contractors confront severe cost pressures in accepting government orders. One reason for this is that contract prices are low, with government estimates for labour and material costs often below market prices. Alleged demands for kickbacks by government officials further reduce profit margins.

The chairmen of the Daewoo industrial group and Dong-ah, for example, were charged in August with giving kickbacks to a former president of Korea Electric Power, the state-owned electricity monopoly, in return for winning nuclear power plant construction contracts.

"Corruption in the construction industry is widespread worldwide, but in Korea it is more severe than elsewhere. Bribery is a common practice," said Mr Don Lee, construction analyst for BZW Securities in Seoul.

Nonetheless, construction companies are eager to gain public sector orders as the cash flow is favourable; the government pays at least 20 per cent of the project cost in advance and provides the balance throughout the construction period.

Infrastructure projects are also becoming more important for the industry, due to a slowdown in house building which dominated growth in the past five years. Public sector orders will account for Won14,700bn (£11.2bn) of the estimated Won40,000bn in domestic construction orders this year.

In an attempt to increase profit margins on public projects, construction companies have frequently resorted to measures that appear to undermine the quality of their work. Design specifications are frequently changed and schedules accelerated. Contractors are accused of using inferior materials to save costs. The subcontracting of work at low rates has also become common.

The hazards of this became apparent last year when a subcontractor for Samsung Engineering and Construction caused one of the nation's worst train accidents when a railbed collapsed during excavation work.

Faulty construction is often undetected as inspection procedures are lax, with contractors allegedly bribing government inspectors to grant project approval.

The Songsu bridge collapse has renewed concern about the safety of the country's infrastructure, particularly when the government is planning to invest $100bn (£63.2bn) on projects over the next eight years.

The government has announced several measures to eliminate substandard construction. Pre-screening procedures will be strengthened, with the lowest bid system abolished in favour of selection on technical capability. The government will also increase estimates for labour and wage costs in construction proposals.

Subcontracting will be more tightly regulated, while the warranty period for construction projects will be increased from five years to 10-20 years after completion.

Inspection procedures will be improved, including allowing foreign construction inspectors to operate in South Korea from next year. The measures, however, "will increase construction costs to meet the higher standards," said Mr Hwang.

The costly domestic regulation is likely to encourage South Korean construction companies to seek more orders abroad.

Overseas orders will account for only 12 per cent of total orders for the Korean construction industry this year – in sharp contrast to 15 years ago when orders from the Middle East provided the bulk of business for Korean contractors.

The decline in Middle East oil income that fuelled the building boom has forced Korean companies to concentrate on winning domestic orders, while shifting their overseas activity to southern Asia and China.

INTERNATIONAL NEWS DIGEST

Suharto eases Timor stance

Indonesia's President Suharto struck a conciliatory note over troubled East Timor yesterday, saying he was willing to meet exiled East Timorese for talks. "I am prepared to meet exiled East Timorese," he was quoted as saying by Mr Lopes da Cruz, Indonesian envoy for East Timor. "President Suharto said reconciliation talks can be continued and that more East Timorese need to be involved," Mr da Cruz said. "He also agreed to meet East Timorese living in exile, but no date has been fixed yet."

Mr Suharto hosts the second Asia-Pacific Economic Co-operation (Apec) summit on November 15. US President Bill Clinton will be among the leaders attending.

Mr da Cruz said he would meet some East Timorese leaders living in Australia, but did not say when. Opponents in Australia have been the most vocal. The envoy quoted Mr Suharto as saying East Timor could be granted autonomy but added it would be within the Indonesian context of being a part of the archipelago. In Dili, the capital of East Timor, the announcement was greeted with some caution; a prominent local Timorese suggested it could be for show ahead of the Apec summit. *Reuter, Jakarta and Manuela Saragosa, Dili*

Manila raises investment limit

Philippine monetary authorities have doubled the ceiling for outward investment by residents to $6m (£3.7m) a year in an attempt to stem the rise in the local currency. Mr Gabriel Singson, governor of Bangko Sentral, the central monetary authority, said yesterday that the higher limit "is expected to increase foreign exchange demand and directly ease the appreciation of the peso". A sharp increase in foreign exchange inflows in recent months, following improved investment conditions and high domestic interest rates, has strengthened the peso against the US dollar. Yesterday the currency traded at 24.693 pesos to the dollar, an increase of 12.3 per cent against its level at the start of the year.

This has hurt Philippine exporters, who claim the lower peso proceeds for their exports have led to losses. Some exporters' groups have also warned that the rising peso has curtailed expansion plans. A policy allowing Philippine residents more investments abroad is the latest of a series of Bangko Sentral moves to curb the currency's rise. *Jose Galang, Manila*

Business optimism declines

World businessmen have become less optimistic about their sales and profits in the fourth quarter, despite the strength of the world economy, according to the latest survey of business expectations from Dun and Bradstreet. The business information group's index of sales fell from 57 to 55 between the third and fourth quarters, while the profits index fell from 45 to 42. In the sales area, the countries which experienced the biggest declines in optimism were Switzerland, New Zealand, the US and Mexico; the greatest increases came in Brazil, France, Japan and the Netherlands. Despite the quarter-on-quarter decline, levels of optimism were higher than they were in the fourth quarter of 1993. "The worldwide business climate continues to be in very good shape as the survey shows optimism indices at pre-recession levels," said Mr Joseph Duncan, vice-president and chief economist at Dun & Bradstreet.

The employment index also fell between the third and fourth quarters, from 20 to 18. "The employment index is at a respectable level, but is not as high as it could be," said Mr Duncan. "We should see some hiring in the next few quarters." Employment optimism is at its lowest in Japan and Belgium, and at its highest in Australia, New Zealand, the UK, US and Canada. *Philip Coggan, Economics Correspondent*

Egyptian death toll mounts

Rescue workers found 18 burned bodies in the village of Dronka yesterday, pushing to at least 450 the death toll from southern Egypt's fire and flood disaster. Floodwater and burning fuel swept through the village, 200 miles south of the capital Cairo, soon after dawn on Wednesday. Flash floods from Wednesday's six-hour thunderstorm claimed about 60 more victims in other villages in the provinces of Assiut, Sohag and Qena, security officials said. Thousands of Dronka villagers who spent Wednesday night in mosques in the nearby city of Assiut are heading home to search for relatives but have little hope of finding survivors from 200 houses engulfed by the river of blazing fuel. *Reuter, Dronka*

Gaz de France pulls out staff

The French state gas company Gaz de France has withdrawn nearly all 200 of its expatriate staff from Algeria after Islamic fundamentalists murdered two foreign drilling experts, the newspaper Le Monde reported yesterday. A Gaz de France official declined to comment except to say: "We are still present in Algeria and gas deliveries continue."

Le Monde said the decision to pull out Gaz de France expatriates was taken after the killing of a French and Italian technician employed by a French company in the Aures mountains of north-east Algeria on October 18. A senior French military official said last week that Paris was concerned by the attack, since it could signal an offensive by rebels against Algeria's gas and oil industries, the country's main currency earners. Gaz de France has been active in Algeria virtually since independence in 1962. *Reuter, Paris*

Çiller breaks Israel ice

Turkish prime minister Tansu Çiller yesterday began the first official visit to Israel by a Turkish leader, part of a five-day Middle East tour that will include meetings with PLO chairman Yassir Arafat in Gaza and Egyptian President Hosni Mubarak in Cairo. In her talks with Israeli President Ezer Weizman and prime minister Yitzhak Rabin, Mrs Çiller is expected to discuss issues ranging from the Middle East peace process, economic and business ties between Turkey and Israel and co-operation on controlling terrorism. Turkey is fighting a 10-year Kurdish insurgency that has cost more than 13,000 lives. Sharing the region's scarce water resources will also be on the agenda. Turkey's $10bn hydro-electric and irrigation schemes on the head waters of the Tigris and Euphrates will give it control over the region's two most important rivers. *John Barham, Ankara*

Thabo Mbeki: endorsed privatisation

ANC changes its tune on state sell-offs

By Mark Suzman in Johannesburg

The African National Congress has been forced into several policy reversals since becoming the leading partner in South Africa's government of national unity, but few of its conversions have been more dramatic than its recent decision to embrace privatisation as a means of generating funds for social development.

Only a month after the country's April election, President Nelson Mandela was vowing he would never support a programme that would merely channel more wealth into the hands of the country's white minority. As recently as August, Mr Jay Naidoo, minister in charge of implementing the government's centrepiece reconstruction and development programme, condemned privatisation as a method of "sacrificing long-term assets for a short-term benefit".

By October, however, in a white paper on the RDP, the government had warmed to the idea of selling "unproductive state assets" to raise funds for the programme, and last weekend Mr Thabo Mbeki, deputy president, for the first time endorsed privatisation as an integral part of government policy.

So far, little attention has been paid to exactly what the government is likely to sell off, what the means of privetisation might be, and just how much revenue is likely to be raised. State assets amount to several hundred billion rands, but likely proceeds from privatisation will only be a small fraction of that.

Of the state companies that could be sold off, the net valne of those under the authority of the ministry of public enterprises – including electricity utility Eskom, transport conglomerate Transnet, and arms and technology manufacturer Denel – were recently assessed at about R30bn (£5.3bn) by the government.

Adding tha state-run telecommunications company Telkom, vast tracts of state-owned land and forest, the post office, public broadcaster SABC and concerns such as the Industrial Development Corporation and state abattoir Abacor, the total realisable assets are probably closer to R50bn.

Practical obstacles to readying state companies for privatisation are smaller than expected. The National party government of the late 1980s was also strongly in favour of privatisation; it sold off two companies – Iscor, the country's largest iron and steel concern, and National Sorghum Breweries, the state brewer of maize-based beers for the black community – before stopping the process in 1991 under pressure from the ANC.

Both companies are now regarded as successes. Although Iscor went through a rocky few years shortly after its launch in 1989, it is today the most widely traded share on the Johannesburg Stock Exchange and has recently reported excellent results. NSB, meanwhile, which was sold privately to a consortium of black businessmen comprising largely the company's employees and distributors, became the first high-profile, black-owned business in the country.

But while it stopped its privatisation programme, the previous government placed nearly all other public companies, such as Telkom, Denel, and Transnet on a commercial footing, making them fully accountable and under the control of appointed boards of directors.

"Unlike most of eastern Europe, where many state companies suffered from poor management and it was almost impossible to assess their assets, this is not a problem here," observes Mr Mark Katzenellenhogen, of merchant bankers S G Warburg.

Just as attractive for the government as raising money is the possibility of increasing the general stock of black wealth in the country by ensuring that some of the benefits of privatisation accrue to the black community. The government is almost certain to utilise a variant of the voucher schemes employed in eastern Europe or parts of Latin America, whereby citizens are allocated shares in privatised companies which they can either hold as investments or use as collateral.

But although the markets may be hoping that privatisation will begin with a bang, preferably by putting a big corporation on the block and using the share offering to raise South Africa's profile in international markets, many in the ANC are still concerned that this would jeopardise the RDP's aims of developing poorer areas.

As a result, the early offerings will probably be relatively small and are unlikely to garner significant international interest. The first sizeable operations to be sold off will probably be Denel and the domestic operations of South African Airways, now part of Transnet. Neither are seen as politically critical to the RDP and both already operate on a sound commercial footing.

But even if giants like Eskom and Telkom do not come on the market immediately, most analysts are convinced it is just a question of when, not if, the ANC-led administration will give ground. As one observer says: "The simple fact is the government needs the money."

Delhi clue to Sri Lanka deaths

Mervyn de Silva on the bloody connection with India

Connections with India appear to be a significant factor behind a string of assassinations of Sri Lanka's senior political and military figures.

Mr Gamini Dissanayake, the opposition leader who was to have been presidential candidate in Sri Lanka's elections next Wednesday, was assassinated because of his role in the India-Sri Lanka "peace accord" of 1987 which brought a huge Indian peace-keeping force to crush the secessionist Liberation Tigers of Tamil Eelam (LTTE).

Sri Lanka's new government has asked Indian investigators to help with inquiries into Mr Dissanayake's murder, perhaps risking again inflaming Tamil rage at a time when it has been trying to bring peace to the northern Jaffna peninsula for which the LTTE is seeking autonomy.

At the time, of New Delhi's last intervention, the Indian élite were worried about the possible impact of LTTE propaganda on Tamil Nadu, the large southern Indian state which has a secessionist history of its own. The narrow Palk Straits separates Sri Lanka's northern province, the "traditional homeland" of the island's Tamils, from Tamil Nadu.

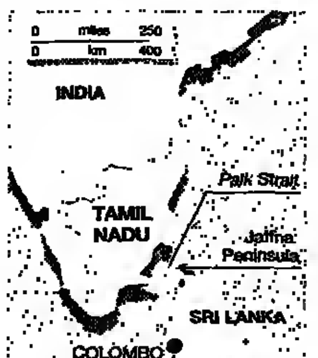
Mr Dissanayake was proud of the part he played in the "peace accord" and of his close friendship with Mr Rajiv Gandhi, the Indian prime minister who, like Mr Dissanayake, was assassinated by a Tamil suicide bomber.

The presence of an Indian army bigger than Sri Lanka's own led to the resurgence of the Sinhalese radical youth movement (JVP), which in 1971 raised the romantic Ché Guervara banner, but this time is ultra-Sinhala nationalist and Pol Potist in sentiment.

In the late 1980s, the JVP mounted a bloody campaign in the south which damaged the island's tourism industry and eventually overshadowed the Tamil rebellion.

In 1988, pressed from north and south, the then President Ranasinghe Premadasa asked India to pull out its troops. Mr Gandhi refused. The Indian peace-keeping force lost 1,400 men. Mr Gandhi's successors then withdrew the force.

The LTTE expected to be rewarded with at least regional autonomy. Mr Premadasa disappointed them, soon establishing good relations with the new Indian prime minister, Mr P.V. Narasimha Rao. On May Day last year, an LTTE suicide bomber killed Mr Premadasa.



In February this year the LTTE accused "Sinhalese chauvinist forces" of gathering in the south and engaging in a new proselytising drive.

"This coming together is being secretly encouraged by India. Thus, there cannot be any doubt Gamini is an Indian lackey," it said.

Mr Lakshman Kadirgamar, Sri Lanka's foreign minister, has now asked the Indian government "to provide the services of two Indian experts to help in the investigation into the assassination" of Mr Dissanayake.

The cabinet had responded to a request by Mrs Srima Dissanayake, who has replaced her late husband as the conservative United National Party's choice to stand in the presidential elections against the Peoples' Alliance candidate, prime minister Chandrika Kumaratunge.

When the newly-elected People's Alliance, which gambled successfully on a growing peace constituency and looks forward to a "peace dividend" to cut defence spending sharply, sent a four-member "peace mission" to Jaffna, it was received by an LTTE commander and treated to an LTTE guard-of-honour.

The two sides sat on opposite sides of a table which had two flags, the Sri Lankan and the LTTE. On the wall was a picture of Velupillai Prabhakaran, the LTTE supremo. The meeting, given widespread television coverage, gave the impression that the delegates represented two separate states.

Mr Prabhakaran is seen as the toughest terrorist leader in the world, says one western diplomat. The questions now are whether India sends its investigators, and whether Mr Prabhakaran will see their arrival as the formation of another Delhi/Colombo axis against him.

US and EU push Beijing to adopt a more constructive negotiating stance

China may get later WTO entry

By Guy de Jonquières, Business Editor

The US and tbe EU are prepared to consider delaying the deadline for China's planned entry as a founder memher of the new World Trade Organisation, provided Beijing agrees to negotiate more constructively.

The apparent change of mind has heen prompted hy the growing belief in Washington and Brussels that Cbina's negotiations to rejoin the General Agreement on Tariffs and Trade ere progressing too slowly to be concluded by the end of this year, as scheduled. China has long insisted that it wants to be a founder member of the WTO, due to be established at the start of next year.

Under internationally agreed rules, China would only qualify for that status if it already belonged to Gatt when the WTO came into heing.

US and European willingness to consider such a course reflects their determination to underline the importance they attach to China's WTO entry, despite their unhappiness at what they consider Beijing's inflexible negotiating stance. The Clinton administration remains committed in public to the January deadline. But it is understood that Ms Charlene Barshefksky, deputy US trade representative, mentioned the possibility of an extension last month in talks with Ms Wu Yi, China's foreign trade minister.

The question is likely to be raised again by Mr Mickey Kantor, the US trade representative, in 10 days' time, when he is due to meet Ms Wu at a conference of the Asia Pacific Economic Co-operation forum in Jakarta. Sir Leon Brittan, the European trade commissioner, is also said to be ready to offer the possibility of an extension when he visits Beijing next week.

But EU officials say he will do so only if it becomes clear that there are solid practical reasons why China's talks with the Gatt cannot be completed on time.

They say Sir Leon is prepared to consider deferring China'e WTO entry until as late as May or June.

The US and the EU are both pressing China to improve its membership proposal, notably hy agreeing to cut tariffs further, curh state monopolies and open markets wider.

A US report, released hy the Economic Strategy Institute, says China's accession is the higgest international economic issue faced by the US and is "a unique window of opportunity to influence China's economic and trade policies". Mr Greg Mastel, author of "China and the WTO", warns: "Once we commit ourselves, aven In principle, to give China WTO status, we lose what leverage we have."

See Feature

US plans an early exit from Gatt

By Frances Williams in Geneva

The US plans to withdraw from the General Agreement on Tariffs and Trade with effect from early next year, provided the US Congress ratifies the global trade accords setting up tbe World Trade Organisation, Gatt's successor. The WTO is due to come into effect on January 1.

Although tha US maintains the move will have little practical impact, tha decision has caused considerable concern among trading partners who say it will allow the US to escape Gatt obligations to countries which are not WTO members from the start. In addition, outstanding trade disputes under Gatt – including such controversial cases as the tuna-dolphin row and punitive US duties on steel imports – will simply lapse.

The US Senate is to vote on the Uruguay Round trade pact on December 2, three days after the House of Representatives. The Clinton administration can then withdraw from Gatt after a 60-day notice period. The US had hoped to time its pull-out from Gatt to coincide with the WTO's entry into force but this proved impolitic after Congress delayed the ratification vote from October to December.

Washington says it decided as long ago as 1991 that it would not remain a member of both Gatt and the WTO, which would involve overlapping legal obligations to different groups of countries. However, no other country has indicated its intention to follow suit.

US officials denied yesterday that Washington was in some sense dodging its fair trade responsihilities. Mr Andrew Stoler, deputy US ambassador to Gatt, said the US had no intention of removing existing Gatt trade benefits from countries which were not WTO members, though the legal underpinning provided by Gatt would go.

The US would also stand hy obligations arising from dispute panel reports already adopted hy Gatt. But unresolved disputes and those still under investigation at the time of withdrawal would fall by the wayside.

Mr Stoler added that only Switzerland among important trading nations had said it could not meet the January 1 WTO deadline. However, of Gatt's 124 members, only about 40 nstions, in addition to the 30 that have already ratified, have notified Gatt they are in a position to complete legal formalities hy the end of the year.

Switzerland apart, most of the others are small developing countries. These nations, Mr Stoler argues, are not countries with which the US is likely to be in dispute.

During the Uruguay Round negotiations, it was agreed that Gatt would continue in parallel with the WTO for an undefined period, since several countries would not be able to join the WTO straight away. However, precisely how tbe two legal agreements will operate in tandem bas not been clarified.

To minimise the potential for inconsistency (and give laggards a strong incentive to join the WTO), there is broad support for a two-year "cnt-off" after which Gatt would cease to exist.

Leon Brittan: the European Union must guard against lapsing into complacency over world trade George Herringshaw

Protectionist pressures worry Brittan

By Guy de Jonquières, Business Editor

The European Union must press more vigorously for liberalisation of world trade, Sir Leon Brittan, trade commissioner, said yesterday, or face mounting internal pressure from "demagogues" who favoured protectionism.

In his first important speech since losing responsibility for eastern Europe in last weekend's European Commission resbuffle, he promised that EU trade policy would give higher priority both to the interests of consumers and to combating otber countries' unfair trade practices.

Sir Leon said it would be "disastrous" for Europe to lapse into complacency after completion of the Uruguay Round trade deal. It had to increase its efforts to improve Its economic competitiveness and to open international markets.

The collapse of communism had robbed western Europe's leaders of an important challenge, he told the Chartered Institute of Marketing in London, creating uncertainty and diverting attention from important new issues.

"If it is persists, this malaise can spell drift and decline," he said. "Put simply, the challenge for our continent-wide culture and economy is to survive."

Free trade was not a free-for-all, and world trade rules entitled the EU to act against dumped and subsidised products and import surges whicb threatened sensitive industries.

"These are simple truths, but they are hard to get across in a world where demagogues can be elected to national parliaments and to the European parliament, and receive substantial public subsidy for their pernicious charge that open trade offers the European economy to foreigners on a plate," he said.

Setting a world trade agenda after the Uruguay Round would be difficult, because it involved dealing with domestic policies and sensitive Issnes such as the environment, competition policy and labour laws. But countries had to talk about these questions.

"If wa do not, we lay ourselves open to further demagogy, with Europeans alleging that other countries seek to exploit child labour in order to increase European unemployment. Such arguments are plainly nonsense."

He indicated that persuading developing countries to relax controls on inward investment would be an important EU priority in tha new World Trade Organisation.

Sir Leon said the "illicit practices regulation" recently proposed hy the Commission would enable the EU to press other countries more effectively to open their markets and trade fairly.

However, he said the regulation was different from the US section 301 trade instrument, because it did not seek to make unilateral determinations against foreign trade barriers and would focus only on other countries' breaches of agreed international rules. He said the EU bad to try harder to complete dumping and subsidy Investigations rapidly, and to ensure that its trade policy reflected the views of importers, retailers and consumers, as well as of producers.

CD sales lead music market growth

By Alice Rawsthorn in London

The global music market is enjoying hrisk growth with an increase in sales of 8 per cent during the first half of this year against the same period of 1993, according to the latest figures from the International Federation of tbe Phonographic Industry.

Compact discs continued to he the chief catalyst of the market's expansion. Sales of CDs rose by 18 per cent in the first six months of this year after a 19.4 per cent increase to a total of 1.4bn units during 1993.

The US was one of the most buoyant areas of growth for CDs, with a 25 per cent rise in unit sales during the first half of 1994. This reflects the continued trend for consumers to replace their collections of vinyl records and cassettes with CDs, and the wider availability of hudget CDs.

However, the pace of CD sales growth is starting to slow in more mature markets, notably in Italy. The IFPI also detected a reduction in the rate of CD sales growth in some Asian countries where piracy is a problem.

One of the fastest growing areas of the music market is CD singles, where sales have continued to increase in splte of a slight decline in overall single sales. The number of CD singles sold worldwide rose by 55 per cent in 1993 and grew again in the first half of this year.

The increase in CD sales has predictably depressed demand for cassettes. The IFPI noted a decline in sales of cassettes for the first time last year to 1.35bn worldwide from 1.47bn in 1992. The drop continued – albeit at the slower pace of 4.6 per cent – in the first six months of this year.

The traditional vinyl market appears to be in terminal decline. Sales of vinyl LPs fell sharply to 80.4m in 1993 from 114.9m in 1992. The IFPI reported another fall in the first half of 1994.

● Tbe Hollywood movie industry yesterday handed an olive branch to its European rivals following the conflict at the recent Gatt negotiations. The Motion Picture Association of the US unveiled a 'peace' package including an initiative to help the Europeans duh their films and to improve distribution in the US.

Patents claims hit parallel importers in Japan

By Emiko Terazono in Tokyo

Japan's parallel importers, which import branded goods through third parties rather than through licensed distributers, are being chsllenged under an increasing number of patent infringement claims by manufacturers.

A row between Chiyoda Sports, the Japanese sports equipment retailer, and Nordica, the Italian ski equipment manufacturer, has become tbe latest case in wbich a manufacturer has tried to stop the distribution of cheaper parallel imported products by alleging the importer had violated intellectual property rights.

Tokyo customs officials have banned Chiyoda from importing Nordica ski boots from European wholesalers. The Italian company claims that only a licensee can distribute the prodnct, which uses a patented huckle. Chiyoda, on the otbar hand, argues that Nordica is misusing the licence to quash efforts to offer consumers cheaper prodncts.

"They're just doing it to stop competition. It's overstretching patent rights and very unfair to the consumer," said Mr Yoshikazu Miyakoshi, president of Chiyoda.

Chiyoda, wbicb has heen selling parallel imports of US and European ski equipment for more than 10 years, was planning to sell the ski boots at Y33,000 ($330.00) The same product imported by Nordica Japan, the manufacturer's Japanese subsidiary, costs around Y55,000 while it is sold at Y27,800 in Italy.

The ministry of finance, which oversees the customs office, says the ban on Chiyoda's imports of Nordica ski boots was implemented according to tbe patent law. "Patent guidelines are oriented towards protecting industries," it sald.

Meanwhile the country's Fair Trade Commission said Nordica's claims did not breach anti-trust guidelines.

Other companies wbich have won bans on parallel imports bssed on patent licansing claims include Ajinomoto, the leading Japanese maker of monosodium glutamate (MSG). It said that parallel imports of MSG from the company's south-east Asian production lines did not contain a special patented acid and could "confuse" the Japanese consumers' palate. The customs office has also banned parallel imports of agro-chemicals by Monsanto, a US chemicals maker.

While the ministry of finance says it is not trying to stop parallel imports, some importers are wary of a clampdown by large overseas manufacturers. They claim that such manoeuvres by the ministry of finance go against efforts by the ministry of international trade and industry, which is promoting parallel importing as a means to reduce Japan's mounting trade surplus.

UK should direct 'more aid to poor'

By Michael Holman, Africa Editor, in London

Britain should progressively reduce its use of aid in pursuit of political and commercial interests and direct a greater proportion towards poverty alleviation programmes, argues a report published today.

A study by the London-based World Development Movement says that there has been a significant fall in British aid going directly to the world's poor in the past five years. Over the same period, there has been an increase in aid spent on British consultants and industry.

The report also criticises the level of UK aid. Between 1980 and 1992 Britain's aid to sub-Saharan Africa, the world's poorest region, fell by 2 per cent in real terms, when for all donors there was an average increase of 55 per cent.

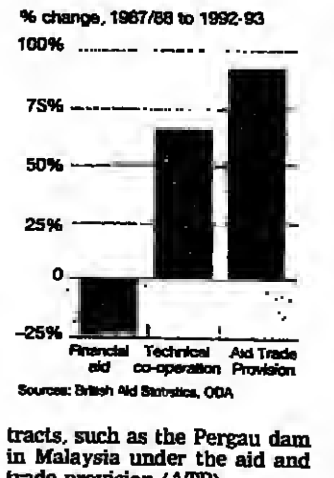
The UK aid budget has fallen to two-thirds of the 1979 level as a proportion of GNP, and by 12.5 per cent in real terms, according to the report.

It notes that Britain is the sixth largest aid donor after Japan, the US, France, Germany and Italy, but in 1993 UK aid amounted to 0.31 per cent of GNP. Using this yardstick, it was 13th out of the 21 Organisation for Economic Co-operation and Development aid donors.

Technical co-operation – consultants, training and research and development at UK institutions – provides the bulk of the project aid. The remainder is used to win commercial contracts, such as the Pergau dam in Malaysia under the aid and trade provision (ATP).

UK Project Aid

% change, 1987/88 to 1992-93



Sources: British Aid Statistics, ODA

Although spending on agriculture has risen by 40 per cent in the past five years, it still received less than 8 per cent of total project aid in 1992-3. In that year, says the report, "three timee as much was spent supporting Britisb companies working in agriculture through the ATP, tban on direct financial assistance to farmers".

Almost half of Britain's bilateral aid from 1987-8 to 1992-3 was spent on tecbnical co-operation, says the report, including the ATP. Funding for non-governmental organisations is included in this budget and took up little over 10 per cent of the total in 1992-32.

The Great Aid Robbery: How British aid fails the poor, World Development Movement, 25 Beehive Place, London SW9 7QR. 071-737 6215. Fax 071-274 8232

NEWS DIGEST

Brussels attacked on banana imports

The US yesterday attacked the European Union's banana import regime claiming it contravened a Gatt code of fair trade practice on import licensing and did not conform with rules of the future World Trade Organisation.

The claim, made to Gatt's import licencing committee, was strongly denied by Brussels. Ms Barbara Chattin, head of tariff affairs in the US trade representative's office in Washington, said the EU's import licensing scheme for bananas was "blatantly discriminatory" and "contrary to both the letter and the spirit" of the import licensing code. A tougher version of the code will he incorporated in WTO rules.

Two US-based hanana multinationals have called for an investigation under Section 301 of US trade law of the EU's recent "framework agreement" on banana quotas which they say favours the eignatories – Costa Rica, Colombia, Nicaragua and Venezuela – over other Latin American exporters. *Frances Williams in Geneva*

China urged to cut fees

A gronp of multinational chemicals companies operating in China is putting pressure on Beijing to cut registration fees which could cost several million dollars, according tn the magazine Asian Chemical News. Recent regulations require companies to register every chemical they import to China. The fee rangee from $2,000 to $10,000, depending on the toxicity of the chemical, and each company has to pay the fee even if an identical chemical made hy another company has been registered.

The companies, which include BASF of Germany and the UK's ICI, complain that the fees are incompatible with the membership of the General Agreement on Tariffs and Trade (Gatt) which China is trying to rejoin. BASF said the fees imposed "clearly violate Gatt principles in that they exceed the cost of service rendered and discriminate against foreign companies. The companies' case has been taken up by US and European chief trade negotiators at Geneva. *Daniel Green, London*

Telstra tests data software

Telstra, Australia's government-owned telecommunications group, is one of six international telephone and cable companies to test Microsoft software for a high-speed information highway. The Microsoft 'broadband network operating system' (BNOS) software aims to transmit large amounts of interactive data and services from third-party sources and could be applicable in indutries ranging from financial services to retailing.

Telstra said that the trials would help to give Australia a head start in the development of multimedia industries. The project will begin next yaar. Other carriers evaluating BNOS are Deutsche Bundespost Telekom, NTT, Rogers Cablesystems, US West and Southwestern Bell. *Nikki Tait, Sydney*

Statoil awards oil contracts

Statoil, the Norwegian state oil company, has awarded contracts worth NKr2.3hn ($347m) covering the development of the 450m barrel Norne offshore oil field. Far East Levingston shipyard in Singapore won a contract valued at NKr1.1bn to build a hull to be delivered for outfitting in July 1996, for Norne's planned production ship. Sub-sea flowlines and associated marine operations worth more than NKr500m will be handled hy a Norwegian-French joint venture during summer 1996 and spring 1997. Two packages wortb NKr630m for gas compression and the main generator have been awarded to Kvaerner Energy of Norway with Nuovo Pignone of Italy as sub-contractor. Norne is due to start production July 1997. *Karen Fossli, Oslo*

NEWS: UK

Spy chief rejects demands for FBI-style agency

By Jimmy Burns

One of Britain's senior spy chiefs yesterday rekindled a long debate about the organisation of UK law enforcement and the role of intelligence services by speaking out against the creation of a national counter-terrorist agency.

Mrs Stella Rimington, director-general of the security service M15, said recent experience had shown that a "large number of agencies and organisations can co-operate effectively".

She claimed credit for her agency indirectly by arguing that the ceasefires in Northern Ireland had been brought about by political progress achieved "in the context of a wider counter-terrorist strategy."

Mrs Rimington was speaking to a top-level gathering in London of police chiefs, senior civil servants and government law officers including Sir Nicholas Lyell, the attorney-general. Her views contrasted with those of counter-terrorist specialists and police officers who have criticised the fragmented state of Britain's law enforcement agencies and have called for a single national organisation similar to the FBI.

Mrs Rimington used the annual James Smart lecture – in memory of a former senior police chief – to stress ber agency's image as an accountable and efficient counter terrorist organisation which bas also provided useful advice to the government on important political issues such as conflict in Northern Ireland.

The future of her agency and other law agencies remains uncertain because of budgetary pressures and shifting political priorities. Earlier this week the US Central Intelligence Agency was castigated publicly by a Senate committee for being lax and ineffective.

Britain's secret services are to have their expenditure, administration and policies scrutinised for the first time later this year by a new committee of the House of Commons.

Mrs Rimington said that while the recent IRA and loyalist ceasefires were "welcome" developments, "after so many years of violence we must remain cautious." More than half of M15's estimated annual budget of £150m ($237m) is spent in operations related to Northern Ireland. She also referred to continuing terrorist attacks by Middle East gronps, and the threat of nuclear proliferation. She added: "Compared with the traditional certainties of the Cold War era, with its frame of reference spparently fixed for all time, the service's responsibilities and the environment in which we operate are today all in a state of flux."

Optimism on N Ireland, Page 8

Committee may probe political party funds

By James Blitz

The Nolan committee on standards in public life may investigate funding of political parties by private organisations in spite of the prime minister's insistence that this would be outside its remit.

Amid signs that he is to conduct the widest possible examination of rules for public servants, Lord Nolan said yesterday that some questions relating to political donations would come within the remit of his committee.

After the first meeting of the committee yesterday, Lord Nolan said it could make rscommendations over whether MPs should have paid interests outside parliamentary work. He confirmed that the committee would not investigate any of the specific allegations of "sleaze" that have been made against members of Mr John Major's government. But it appeared likely that former cabinet ministers with paid directorships at companies with whicb they have been officially involved would be cross-examined by the committee in televised sessions.

While Lord Nolan said the gensral funding of political parties would not be examined, he opened the way for study of the issue by adding: "If party political funding is associated with some preference to the person holding the funds, then it plainly comes within our terms of reference."

Workers at the Swan Hunter shipyard yesterday wstched their final achievement slip down the River Tyne. While a hrass band played Auld Lang Syne, the men strained to keep sight of the Type 23 frigate HMS Richmond.

After 18 months of receivership, union leaders and receivers Price Waterhouse insisted that they had not abandoned hope of saving the last shipbuilder in north-east England. Of the 400 workers left on the payroll yesterday – down from 2,400 at receivership – abont 100 will be kept on while the receivers mount a last worldwide campaign to find a huyer.

Above, David Swan, great-grandson of the yard's founder and now redundant, watches the Richmond sail away.

Rail operator may abandon tunnel method

By Andrew Taylor, Construction Correspondent

London Underground may decide to stop using the New Austrian Tunneling Method for its £1.9bn Jubilee line extension even before the government's Health and Safety Executive has completed its inquiry into the construction technique.

LU said last night that it had not made any decision but was considering options. An important aspect must be the time the safety executive may need to complete its investigations.

Tbe inquiry was launched after a tunnel under construction using the new Austrian method collapsed under Heathrow airport two weeks ago.

Jubilee line contractors bave halted work on two of 12 stations planned for the extension through south London. These are at Waterloo and London Bridge, the only ones proposing to use tbe new method, whicb is estimated to be about a quarter cheaper than traditional techniques. Work on two extra stations planned for Heathrow, part of a new £300m rsil link between Heathrow and Paddington station in central London, has also been halted.

The New Austrian Tunneling Method championed hy Dr Ladislaus von Rabcewicz, a Salzburg engineer, in the 1960s has been used successfully for almost 40 years. Projects which have nsed the method inclnde the Frankfurt and Washington metros.

It allows excavation by conventional diggers rather than tunnel boring machines, permitting faster construction and greater design flexibility.

London Underground might decide to switch to traditional tunneling methods in order to get work moving again. The safety executive has given no indication of how long its investigation will take.

Tough measures aim to stamp out legal aid fraud

By Robert Rice, Legal Correspondent

Lord Macksy, the principal government law officer, yesterday announced moves to counter fraud by solicitors thought to be costing the Legal Aid fund millions of pounds a year. The measures are designed to tighten rules governing the "green form" scheme whicb is used to provide free legal advice and assistance to people on low incomes.

Solicitors get an average fee of £60 ($90) from the Legal Aid Fund for two hours of legal advice, but they can receive up to £91.50 in London and £86.50 outside. Once a client signs a form the solicitor gives a description of the advice given and submits it to the Legal Aid Board for payment. In 1993-94 more than 1.6m people received belp under the scheme.

Three firms are under investigation by the Serlous Frand Office for alleged fraud. One firm under investigation has submitted £2.2m of claims in the past 12 months.

Firms are suspected of offering inducements to low-income families to sign forms and of making multiple applications for a single client.

The measures annomced by Lord Mackay include moves to speed up detection and action on suspect claims. A new more detailed form will be introduced for firms not franchised by the Legal Aid Board.

Solicitors will be required to seek authority from the board before giving advice under more than one form per cbent in any 12-month period. The board's powers to deal with cases of suspected fraud are to be set out in new regulations.

Insurance regulators face US criticism

By Ralph Atkins, Insurance Correspondent

Regulation in the UK of the international insurance industry has been attacked in a House of Representatives report which complains of an "inability to work" with the Britisb authorities.

London bas in some cases been used "as a haven to exploit the US insurance market", says the subcommittee on oversight and investigations of the House committee on energy and commerce.

In a report which adds to pressure in the US for closer scrutiny of the London and other insurance markets, the subcommittee, chaired hy Democrat Mr John Dingell, says the US needs to introduce proper safeguards to control foreign-based operations.

It notes that the authorities at Lloyd's of London has taken steps to resolve any solvency weaknesses and to reorganise its market. But the report says the Department of Trade and Industry in London "depends upon insurance company auditors or market complaints to uncover solvency problems".

It cites tbe case of the Kwelm group of insurance companiea wbich were involved in north American insurance and reinsurance hut whicb went into provisional liquidation in 1992. "Officials at tbe UK's Department of Trade and Industry told tbe subcommittee that the Kwelm companies bad inadsquata records and internal controls," the report says. "Yet those known deficiencies apparently went unreported and uncorrected."

The committee noted that the DTI has an agreement with the Securities and Exchange Commission to work together on regulatory and other matters concerning publicly-traded securities.

"There is a clear need to establish a legal basis for co-operation on insurance regulation between two of tbe world's major insurance markets," it said.

Advisers urge static rates ■ More help urged for jobless ■ Bank lending up

'Wise men' recommend neutral Budget

By Peter Norman, Economics Editor

The Treasury's panel of six independent economic forecasters yesterday advised Mr Kenneth Clarke, the senior finance minister, against an immediate rise in interest rates and urged him to issue a "nentral" Budget on November 29.

The six said tbe puhlic spending totals set for 1995-96 by Mr Clarke last year should be cut to offset the effects of lower inflation.

The panel said that lower-than-expected inflation had increased the level of real public spending implied by the cash plans in last year's Budget. The chancellor should therefore aim to reduce the cash plans in line with the lower price level. "We would not regard this as a tightening of fiscal policy," the advisers said.

Although the forecasters produced differing recommendations on fiscal policy, they said these were "within a relatively narrow band around a 'neutral' Budget." This would be one in which the pre-announced tax increases for the coming financial year should take place as planned, other taxes should be indexed in line with prices and spending was kept as planned in real terms. Among the panallists, Professor David Currie of the London Business School, Prof Tim Congdon of Lombard Street Research and Prof Wynne Godley of Cambridge Unlversity argued for no change in fiscal policy. Mr Gavyn Davies of Goldman Sachs International favoured some further tightening to prevent excessive demand growth. Mr Andrew Britton of the National Institute of Economic and Social Research and Prof Patrick Minford of Liverpool University spoke in favour of a small easing of fiscal policy, respectively by cutting National Insurance contributions and reducing marginal tax rates.

The report said none of the six would argue for an immediate change in interest rates. They wanted to see how the economy responded to September's increase in bank base rates to 5.75 per cent from 5.25 per cent and the chancellor's Budget decisions.

● New lending by the biggest British banks rose to a seasonally adjusted £3.22bn ($5.08hn) in the third quarter of 1994 from £983m in the second quarter, the British Bankers' Association reported yesterday.

The main reason for the apparent rise in net lending was a fall in the level of repayments by the corporate sector in the second quarter. "Only the personal sector continues to borrow. and that at a modest rate," said Mr Tim Sweeney, director-general of the association.

Summary of medium-term projections

		Average	Range: Lowest	Range: Highest
Real GDP	1994	3.6	3.5	3.6
	1995	3.0	2.5	3.7
	1996	2.7	2.2	3.4
	1997	2.6	1.8	3.0
Unemployment (m)	1994	2.60	2.60	2.64
	1995	2.35	2.15	2.50
	1996	2.16	1.55	2.47
	1997	2.00	1.15	2.40
RPI excl MIPs	1994	2.4	2.3	2.6
	1995	2.6	1.6	3.9
	1996	3.2	1.8	4.0
	1997	3.5	2.4	4.2
Current account (% of GDP)	1994	-0.8	-1.1	-0.5
	1995	-0.9	-1.8	-0.3
	1996	-1.2	-2.2	-0.2
	1997	-1.4	-2.9	-0.2

Percentage changes on a year earlier unless otherwise stated
Team that produced figures excludes Prof Congdon

Britain's economic recovery will not solve the problem of the country's 1.5m long-term unemployed, the Confederation of Britisb Industry, the higgest employers' organisation, warned yesterday in a report welcomed by the Labonr party and trade unions, Robert Taylor writes.

The CBI said it will need urgent state actioo to reduce the numbers withoot work for more than six months, aloog with greater employer commitment to recruit them and more willingness hy the johless themselves to prepare for available work. The organisation called for more government employment measures to belp tbe long-term unemployed back to work. It said these would not add to state spending.

Mr John Monks, general secretary of the Trades Union Congress, said the report was a positive step. "It shows widespread recognition across the political spectrum of the problems of tbe loog-term unemployed", be added. The TUC intended to explore "the scope for concerted action" with the CBI and Mr Michael Portillo, *employment secretary*.

A survey of 450 employers revealed widespread criticism of the state employment service. More than half the companies Interviewed said they never heard of any of the government employmeot schemes that cost about £1.5bn ($2.4bn) *annually*.

The CBI wants reform of the state employment service to equip the jobless with basic skills of literacy and numerecy and make the service more sensitive to employer needs.

Factory ships face tighter controls

The UK government yesterday announced measures to tighten controls on fish-factory ships called "klondykers" which operate in Scottish waters, our Transport Correspondent *writes*.

This follows the grounding of a Russian-registered vessel, the Pionersk, off the Shetland Islands on Monday. The crew of 155 was rescued but between 50 and 60 tonnes of bunker oil escaped into the sea. In October 1993 two "klondykers" were lost.

Concern has been growing about tbe pollution threat posed by the klondykars because they are frequently poorly maintained and inadequately insured.

But they make an important contribution to the UK fishing industry by taking about 60 per cent of British catches of herring and mackerel and marketing them mainly in eastern Europe.

The UK government will press the International Maritime Organisation to introduce a requirement that ships carry sufficient insurance cover to *meet liabilities for damage*.

UK NEWS DIGEST

Trade ministry rejects EU role in yard's future

GEC's bid to take over the submarine maker VSEL should be judged by UK competition authorities rather than the European commission, the Department of Trade and industry said yesterday. A similar decision has already been made in the case of Britisb Aerospace's bid for VSEL. Both are being assessed in the UK because in some situations the government can exclude large deals from EU jurisdiction if special national interests are involved.

The bids will now be examined by the Office of Fair Trading, which normally expects to produce its recommendation within three weeks. BAe's bid should be completed by November 16, but the results may not be revealed until GEC's bid has been considered. The office's recommendation on whether a full Monopolies and Mergers Commission investigation is needed will then be passed to Mr Michael Heseltine, trade and industry secretary.

Software probe at Cow & Gate

Investigators checking allegations of illegal computer software use have raided the UK offices of a number of subsidiaries of Nutricia, the Dutch foods group, including the baby foods maker Cow & Gate. Unigate, the UK milk producer, has a 34 per cent stake in Nutricia.

The Business Software Alliance, which represents the world's leading personal computer manufacturers, secured a High Court writ leading to an order which enabled its investigators to search the offices of Cow & Gate, Galenco and Nutricia Dietary Products.

The search took place in the past few weeks after claims that pirated software was being used. It is understood that the organisation queried the legality of software being used on between 100 and 200 personal computers found at Cow & Gate. The company has until tomorrow to produce licences for all the software being used on its premises.

Under software protection laws, penalties can include prison sentences of up to two years for executives of offending companies.

Row over bank charges

British banks and the Consumers' Association have clashed over a Which? magazine survey on the cost of borrowing.

The association says that a combination of charges on unauthorised overdrafts and interest levied on such accounts for even short periods can be equivalent to millions of per cent if translated to an annualised percentage rate basis.

It argues that the high levels of interim profits reported by the banks intensifies the argument that thay should cut charges. It says there are sharp differences in charges imposed hy banks and huilding societies that offer current accounts, and urges customers facing high charges to move.

The British Bankers' Association said the banks' interim results showed that providing banking services for personal customers was "ona of the most unprofitable activities which banks undertake".

Change for ex-USAF base

The US Air Force base at Greenham Common in southern England is to be returned to municipal ownership after 53 years of control hy the British government. The base was made famous in the 1980s by a succession of demonstrations against the siting there of half of UK's complement of USAF cruise missiles. A women's "peace camp" was maintained outside the gates for many years.

The 900 acres of land being handed over will be about the same size as the area handed over to the government at the start of the Second World War. But the government will retain ownership of the missile silos, which must be made available for inspection under the Intermediate Nuclear Forces Treaty.

The ministry will also retain for commercial development about 100 acres including most of the buildings on the former base. Berkshire County Council has applied for cash to develop an enterprise centre from the European Union's Konver fund, set up to belp regions with economies hit by a decline in military activity.

IQ affected by ingestion of lead

Lead in the environment – from leaded petrol, lead pipes and other sources – may be having a "small hut important influence on children's intellectual attainment", according to a study in the British Medical Journal today. Scientists at the London School of Hygiene and Tropical Medicine analysed all previous research on lead and intelligence, involving 26 separate studies on a total of 6,000 children. They concluded that a douhling of lead in the blood probably reduces IQ by one or two points on average.

Union's staff strike over pay

Staff of the Transport and General Workers' Union, one of the largest in the UK, yesterday staged a one-day strike in pursuit of an 8 per cent pay claim. It was the first time in the T&G's 70-year history that its staff had gone on strike. The union is offering an increase of 2.5 per cent plus £2 ($3) a week.

● Staff at the Royal Mint in Llantrisant, south Wales, are to be balloted by their unions over industrial action after rejecting a 1.8 per cent pay offer linked to a new performance-related scheme.

Irish deputy PM upbeat on talks

Mr Dick Spring, deputy prime minister of the Irish Republic, said yesterday he anticipated an early agreement between London and Dublin on a framework for inter-party negotiating about Nortbern Ireland's future.

But be conceded – as his government's National Forum for Peace and Reconciliation began its second meeting in Dublin – that a range of issues must be resolved before decision-making talks coold go ahead.

Mr Spring said he believed that the governments of the UK and the republic would soon "be working at the same pace and the same speed" on their bid for a political framework.

He said the two sides had to maintain the momentum created by Mr John Major, tbe British prime minister, in Northern Ireland last month, when he signalled his government's acceptance of the two-month-old IRA ceasefire.

Mr Spring added: "There are a number of complex areas, sucb as the constitutional changes that are necessary, such as the cross-border institutions, and indeed the European dimension. I would be confident that, given the prospects that are there now for peace on this island, that both governments can overcome any obstacles that arise."

Mr Gerry Adams, president of the nationalist Sinn Féin party, and Mr Albert Reynolds, prime minister of the republic, were together for the fourth time since tbe IRA ceasefire when they joined the first working session of the forum. Absent once more, bowever, even with observer status, was any British government representative.

Loyalist politicians on the fringes of Protestant paramilitary organisations yesterday called for an end to "punishment attacks", branding them morally wrong.

Politicians from the Progressive Unionist Party and the Ulster Democratic Party, who recently returned from a visit to the United States, said the attacks could best be ended if people took their problems to the police instead of to the paramilitary organisations, the Ulster Volunteer Force and Ulster Freedom Fighters.

Chopin, Copernicus, the Opel Astra.

As from tomorrow, they will all be famous products of Poland.

A brand new Opel assembly plant opens in Warsaw tomorrow. 10,000 cars will roll off the production line over the next year as another exciting stage in our East European investment programme begins.

This important development follows on from other major new European manufacturing-ventures at Eisenach in the former East Germany and Szentgotthard in Hungary. No other car manufacturer can match this level of investment in Eastern Europe.

As ever, our investment is one of unusual depth, our firm intent being to become a credible and important part of both the economy and of society.

Thus, employees of the Warsaw plant have trained intensively at existing Opel plants to ensure the highest levels of quality control. Furthermore, our plant will apply the most advanced production techniques.

The Polish Opel driver will receive a service which is second to none. We are rapidly expanding our network of over 60 Opel dealers and authorised service outlets throughout Poland. Opel Assistance, our 24-hour Roadside Assistance programme, is already operating there.

Experience elsewhere tells us that this is the type of programme which will reap significant long-term growth for Opel.

We'd like to offer our warmest congratulations, therefore, to the team that is making it all happen. We know you'll give Poland another product of which it can be proud.

OPEL

"Yes it is a bit crowded, but it's taken longer than we thought to finalise the negotiations on the new premises."

MANAGEMENT

Europe's manufacturing quality and productivity still lag far behind Japan's. **John Griffiths** reports

Streets ahead

Professor Dan Jones and his colleagues at Cardiff Business School, Cambridge University and Andersen Consulting were at it again yesterday. Two years after telling an audience of UK motor component makers that their productivity and quality was grossly inferior to that of Japanese counterparts, they announced that many continental European groups are no better – and some worse.

Jones, also co-author of The Machine That Changed the World, the Massachusetts Institute of Technology study which highlighted the significance of "lean" manufacturing, was unveiling the results of a new Worldwide Manufacturing Competitiveness Study*.

The results expand on the 1992 benchmarking project which showed Japanese component makers outperforming the UK's by a 2:1 margin in productivity and by no less than 100:1 in quality. The latest project investigates the manufacturing performance and management practices of 71 motor components plants in nine countries: 14 in the US and Canada, 12 in the UK, 11 in France, nine in each of Japan and Germany, eight in Italy and four in each of Spain and Mexico.

Among these, the study identifies "world class" plants which meet certain criteria: substantially higher volumes of finished parts compared with similar-sized non-world-class concerns; high-capacity utilisation; more automated assembly processes, backed up with effective "fool-proofing"; larger and more rapidly changing product portfolios; and integrated and tightly controlled processes.

The study once again makes uneasy, and for many UK and Italian components makers chilling, reading. It indicates that despite progress in Europe, Japanese suppliers are improving at no less rapid a rate – and even widening the competitiveness gap with the UK and Italy.

While the study identified no companies by name, it is unlikely to pass unchallenged by many components suppliers. Nissan, Toyota and Honda publicly maintain that suppliers to their UK "transplants" are doing well, but privately express reservations about their progress.

To make the findings relevant beyond the motor industry, the study covered production of seats, exhausts and brakes – chosen because they require a variety of process technologies.

The researchers consistently found a 2:1 difference in productivity performance between world class plants and the remainder. The quality gap was found to be even higher – 9:1 in seats, 16:1 in brakes and 170:1 in exhausts.

Performance was measured by two main criteria: productivity, in terms of annual units of output divided by labour hours, and quality by the number of supplied parts per million claimed by vehicle manufacturers to have been defective. Financial measures were not used.

In one world-class seat plant there were 237 customer complaints per million seats delivered, compared with 2,071 for a non-world-class facility; the world-class exhaust plant received eight complaints per million exhausts and the world-class brake plant nine per million on brakes.

The US was found to be closest to Japan in quality, with Japanese plants retaining "only" a 30 per cent advantage. This stretched out to a 4:1 advantage over France and Germany, rising to at least 8:1 in the case of the UK and Italy.

Japan's overall productivity and quality performance, meanwhile, "is significantly better than it was two years ago, with improvements in the range of 38 per cent. UK companies also show a big improvement (31 per cent). This, however, has not been enough to qualify as world class and shows that the gap with Japan is widening".

Of the 71 surveyed companies, many were subsidiaries of big producers already supplying globally. While these have had a unique opportunity to combine knowledge and learning from different countries, they have also had to find compromises between their own corporate cultures and conditions and practices outside their domestic base. The report says that failure to reconcile the two accounts for Japanese plants generally not doing as well outside Japan as within. Only one of the world class Japanese plants was outside Japan.

'One should be wary of confusing the quality and prestige of the finished product with the efficiency and sophistication of the process which produced it'

One surprising feature of the study is that world-class companies are to be found in Japan, the US, France and Spain – but not in Germany, the presumed motor industry powerhouse of Europe. This "suggests that one should be wary of confusing the quality and prestige of the finished product with the efficiency and sophistication of the process which produced it".

Product simplification and co-ordination of the supply chain must receive priority from German industry if it is to become more competitive, the study concludes.

It also found US plants to be good on process control and delivered quality, at least among first-tier suppliers. "The challenge now lies in extending this to the second tier" – the thousands of much smaller parts makers who supply the big components companies.

What should non-world-class companies do about improving their positions? The researchers found that the common denominators in the world-class plants were process control and very tight management of the entire supply chain. Many aspects of plant performance which have received considerable publicity, such as the use of teams and suggestion schemes, did not appear to be universal requirements for good performance.

Indeed, the study warns that simply aping the quality circles and problem-solving groups which form part of world-class Japanese companies cannot work.

"The real benefits of problem-solving structures appear to lie in the long-term continuous improvement of a basically sound system . . . imitating practices from other countries of indiscriminately devolving responsibility to the shop floor and hoping that problems will disappear is clearly not going to work."

*Available free: tel 0181 730 1322.

How Japan still leads the world

'World class' plants	Country of location	Country of ownership
Japan	5	6
US	3	3
France	3	3
Spain	2	0
Germany	0	1

Source: Andersen Consulting

CHRISTOPHER LORENZ

A mesh of the formal and the flexible

Virtual, boundaryless, horizontal, flat, shamrock- or starburst-shaped, clustered, concentric, circular. Managers are constantly bombarded with these images of the sort of organisation their companies must become if they are to survive the change, complexity and chaos of the late 1990s and beyond.

As if one set of such epithets was not enough, executives are assured by gurus and academics that these structures will create the type of customer-facing, rapid-response, high-performance, self-managed, team-based enterprises needed to compete in the markets of the future. In an overworked but powerful phrase, they are told that this is the "new management paradigm".

Most managers are intrigued by at least some of these images. But they are also confused or frustrated. Before taking action, some are searching for a clearer, more detailed, picture of what the "new organisation" should look like, with its constituent sub-structures, systems and procedures.

Others are already having a crack at the new approach – or elements of it. But they risk floundering because of the paucity of proven models to draw from.

With the exception of several overworked examples from "creative" industries such as media and consulting, there are few concrete cases of the approach operating comprehensively and successfully at the level of entire organisations of any size. Most well-documented instances are either of medium-sized companies with unusual backgrounds, such as Gore-Tex, or of isolated business units within giants such as US General Electric.

A third group of managers, the sceptics, are steering clear of almost anything that smacks of such radical, risky – and over-American – innovation.

All three groups are in danger of losing their way. Like fans – radical or conservative – of architecture, who see it as having a capital "A", they make the mistake of being transfixed by structure and outward appearance at the expense of an organisation's intricate inner workings. They treat an organisation as an all-important big "O", rather than as a means of enabling companies to act more effectively in the marketplace.

To make matters worse, the Big O brigade mistakenly sees the "new organisation" as mainly a matter of formal design, rather than as what Nitin Nohria and James Berkley, two Harvard academics, call pragmatic or "action-centred" entities, whose life-blood consists of informal attitudes, relationships and ways of operating.

In the latest issue of California Management Review, Nohria and Berkley argue that while the informal side of organisations has often been acknowledged in the past, the energy of most managers and management thinkers alike has been directed towards trying to develop better formal models and designs.

Any halfway sensible innovator knows that informal changes have to accompany formal ones

To underline their view that the current spate of organisational change and experimentation is not a prelude to some ultimate, fixed architecture, the two academics reject the term "new paradigm" as misleading, even dangerous. They argue that the most helpful metaphor is of a shifting "action perspective".

This sees organisations as complex systems – better still, as organisms – where many different things are happening at once, and which are constantly in flux, often in response to low-level action.

To illustrate the dangers of top-management attempts to impose new organisational designs, Nohria and Berkley cite the "sobering" example of a group of three divisions within Allen-Bradley, itself an offshoot of Rockwell International. In 1990 the group, which makes high-tech industrial control devices, announced a flat, team-based, "concentric" structure. Within months the old hierarchy reasserted itself: "business teams" were formed to oversee the operational teams, and an executive council to oversee the business teams. Within a year, the use of teams was reined in severely. In 1992 much of the concentric organisation was disbanded, and a traditional multi-divisional structure re-installed.

The upside of the story, the academics claim, is that the fundamental ideas behind the 1990 reorganisation are still held to be central, in spite of the reversion to a conventional formal design.

This is feasible because the group persevered with the introduction of two steps essential to effective informality: IT systems that spanned its whole organisation; and broader sets of performance measures.

In essence, Nohria and Berkley's message is eminently sensible: few European companies would be as rash as Allen-Bradley or some of its American cousins in converting so suddenly to such a novel structure. Any halfway sensible organisational innovator knows that informal changes have to accompany formal ones, and often precede them.

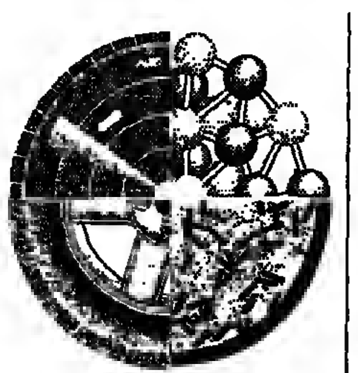
That is not to say that formal changes are unnecessary. Nohria and Berkley say as much, but with far too little emphasis. As so often with management academics, they almost throw the baby out with the bathwater.

If any senior manager thinks internal boundaries can be bridged without dramatic change in organisational design, he or she should examine the experience of the myriad of companies that have tried to introduce cross-functional teamwork just by laying a lightweight project structure across a collection of chimney-like vertical departments, and instigating a series of accompanying informal changes. Ford, Digital and a string of other companies are now having to rectify that mistake.

The truth is that the formal and informal aspects of an organisation are equally important, and interdependent. Whether old-style or new, formal or embodying an "action perspective", they need to be in synch.

TECHNOLOGY

Worth Watching · Vanessa Houlder



Leukaemia linked to virus

Strong evidence linking childhood leukaemia with infection is published in the British Medical Journal today, Clive Cookson writes.

Scientists at the Cancer Research Campaign's epidemiology unit in Oxford found that the exodus of more than 1m children from London and other big cities during the second world war resulted in a significant increase in leukaemia in rural Britain.

Deaths from the disease in the four years after the war were 47 per cent higher in rural areas that received the largest numbers of urban evacuees. CRC researchers believe that "population mixing" during the war exposed rural children to city children carrying the unknown infection – probably a virus.

Cancer Research Campaign: UK, tel 071 224 1333, fax 071 935 1546.

Step forward in Aids fight

A long-established drug used in the treatment of diseases such as leukaemia has emerged as a strong candidate for Aids therapy, according to a study published today in Science, the US journal.

Researchers at the Laboratory of Tumour Cell Biology at the National Institutes of Health in Bethesda, Maryland, conducted a laboratory experiment which showed that hydroxyurea blocked the replication of the HIV virus in blood taken from people with Aids.

The antiviral effect was achieved using doses of hydroxyurea that were non-toxic and lower than those currently used for leukaemia treatment.

Hydroxyurea is unlike existing Aids drugs such as AZT, which directly target viral proteins in that it does not attack the virus directly but works by inhibiting one of the enzymes involved in DNA synthesis. The researchers believe that the HIV virus is far less likely to develop resistance to hydroxyurea than conventional antiviral drugs.

National Institutes of Health: US, tel 301 496 4000; fax 301 496 8394

Tunnel grease stamps out fire

The blame for tunnel fires often rests with the inflammable greases used to seal newly-cut tunnel edges, claim engineers at Oxford Brookes University.

Greases are used to help seal the gap between the tunnel lining and the tunnel-boring machine. Problems arise when the seals are repaired or replaced because tunnel workers often pump compressed air into the workings to keep out water. The oxygen-rich atmosphere adds to the danger that the grease may ignite when the seals are burned away with oxyacetylene torches.

The researchers have developed a non-flammable tunnel grease, consisting of water and minerals suspended in wax, which they claim is safer, easier to use and more economical than existing greases.

Oxford Brookes University: UK, tel 0865 483340; fax 0865 483387.

Safer route to the door

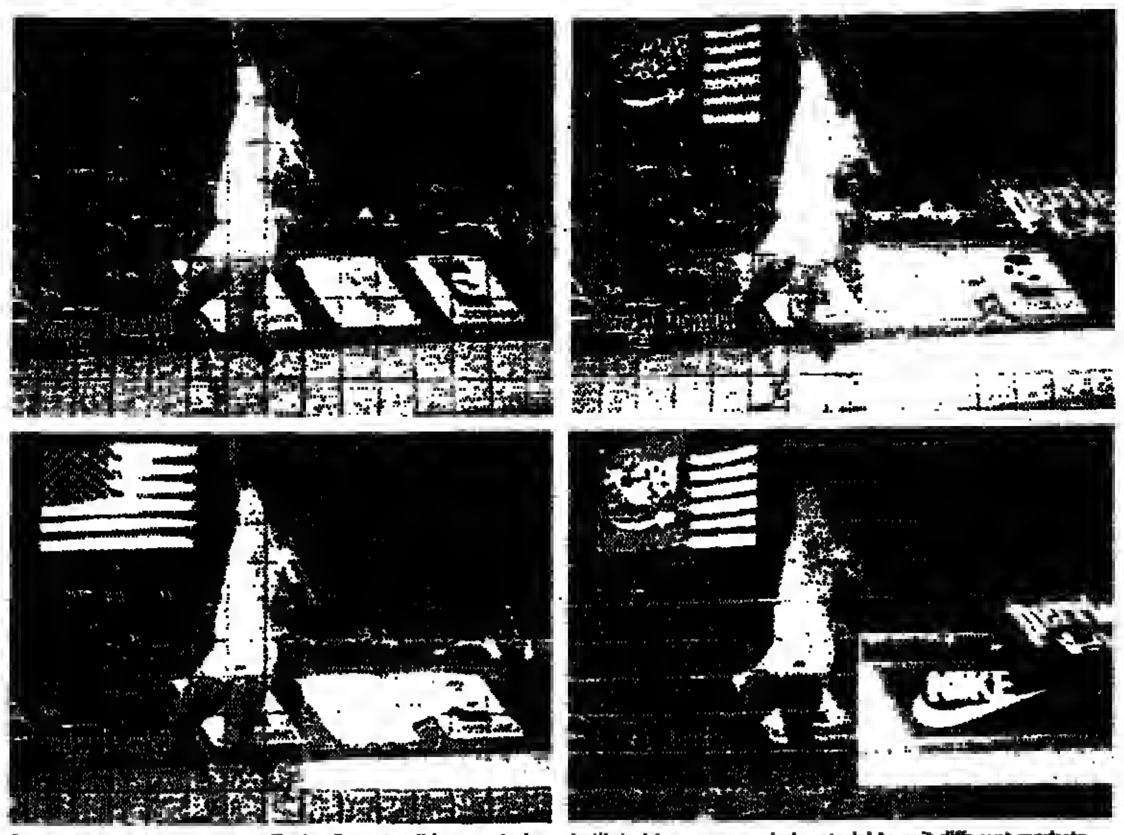
Answering the doorbell can pose problems for the disabled, or those who are concerned about the risk of letting a potential burglar into the house.

A Coventry-based company has launched a mobile answering intercom device, which allows the user to talk to the caller without opening the door. The Answermaid works within a range of 70 metres, allowing the door to be answered from anywhere in the house or garden.

The system also has a panic button, which allows a user faced with an unwelcome caller to activate an alarm. The system is also able to alert the user to intruders breaking into outbuildings such as garages.

The system, which costs £179.95, consists of a control panel, a handset, a door-push and a perimeter alert unit.

Answermaid International: UK, tel 0203 221126; fax 0203 551098.



Same picture, new treatment: Epsis allows 'real' images to be substituted for pre-recorded material to suit different markets

Now you see it, now you don't

Andrew Jack on the implications of a device that substitutes broadcast images

Five years of effort to develop the technology for a powerful new broadcasting system unveiled last month may seem like nothing compared with the commercial and ethical wrangles to come.

Matra Hachette Multimedia chose the annual international sports and television convention in Monte Carlo to launch a system that permits the electronic substitution of the advertising hoardings transmitted in televised sporting events.

At the heart of the product is Epsis, a software package developed by Lagadère Group, owner of Matra Hachette Multimedia and the ultimate parent of Matra, the defence, electronics and media group. It was based on work conducted for Matra Cap Systems for the aerospace industry. It processes broadcast images and inserts computer-generated equivalents in their place.

The idea behind the new application – which cost several tens of millions of French francs to develop – was mainly to be able to help advertisers using hoardings in sporting events broadcast in more than one country. They might want to use different images, brand names or the local language in the places where the event is shown.

There are also wider applications. Advertisers might want their ads to appear at certain times, such as at the start or end of an event. They might not want to reach an audience in all markets receiving broadcasts. Equally, advertising restrictions of some products, such as alcohol or tobacco, vary between countries requiring variations in advertising treatments.

Epsis offers a solution, by permitting substitution of any two-dimensional image broadcast during a sporting event. A hoarding or even a car number-plate can be altered, with the replacement fitting exactly in the space of the original. It can also create new "virtual" billboards where none exists at the site of the sporting event.

The technology uses the signals from a series of cameras located at the broadcast event. First, the software identifies and captures the image of the billboard identified by an operator. It tracks this image electronically as it moves across the television screen. It also isolates barriers or other images on the background to the billboard. These three elements allow it to then substitute the "real" image for another.

Arnaud Lagadère, head of Matra Hachette, said that one of the challenges has been to maintain the image even when it is obstructed by, for example, players moving in front of the billboards. Another was tracking images that were moving. In these cases, some of the substitution can still only be done using pre-recorded material.

However, he says, these problems should be resolved within the next year, with the full system commercially available by 1996. During the first live test of the system in front of several hundred conference delegates in Monte Carlo, Matra was able to switch images comfortably – although there was some slight difference in resolution indicating that the replacement image was electronically imposed.

The potential ramifications for advertisers are vast. The system could allow far greater volumes of advertising, with much greater differentiation in timing, positioning and geographical focus of images.

The company estimates that the European market for sports advertising alone is currently worth more than FFr15bn (£1.8bn). It is also growing fast, with the airtime devoted to sport rising from 24,000 hours in 1989 to 55,000 last year.

The markets have become so big, and the regulatory hurdles so complex, that it may make it more difficult than ever for all but the largest companies to be able to afford a global advertising campaign. Segmenting the market using Epsis, says Lagadère, makes the medium available to smaller advertisers.

But the new system could also pose ethical problems. In the words of Michel Hidalgo, a French sporting personality: "This is a very impressive invention. But will athletes' rights be interfered with? Will they be able to protect themselves from being associated with products they are not familiar with or do not approve of. We have to avoid excesses."

A representative of the International Olympic Committee, which has no plans to permit advertising at its events, asked about the regulatory implications. "When you change the image, the person watching will no longer know what is really happening." He urged clear labelling to show that the picture received on television sets was not the same as seen by spectators at the event.

"We are trying to deal with the technology. The rest is for someone else to cope with," is Lagadère's response. His company suggests that those using the system will be given a copy of an "Epsis charter" on ethical issues, and the company will provide events organisers with contractual clauses to help them negotiate terms with advertisers.

Nevertheless, as Neal Pilson, former president of CBS, the US broadcasting organisation, put it: "This is wonderful and exciting, but the easy part was developing the technology. The hard part will be reconciling it into a very complex business context."

Change in the formula

Japanese mothers who feed their babies with Snow Brand infant formula are giving them more than the mixture of calories and minerals usually contained in baby formulas. Essential fatty acids have been added to make it more like mothers' milk.

The idea could spread to western countries. Several companies, including Sandoz Nutrition of Switzerland, Nutricia of the Netherlands, which owns the Cow and Gate brand, and American Home Products, have signed up with the biotechnology companies that make the fatty acids.

There has long been evidence that mothers' milk is better for babies than artificial alternatives. The difference is most marked in premature babies, whose brains develop better on mothers' milk, according to researchers and the UK Medical research Council's Nutrition Unit in Cambridge.

There may be several explanations, but one of the more likely is that essential fatty acids present in mothers' milk are absent from formulas. Scientists say that fatty acids are probably important in brain and eye development. These fatty acids are difficult to make in industrial quantities. One source is UK biotechnology company Scotia, which is supplying Snow Brand. Another is Martek of the US, which has signed letters of intent to supply Sandoz and Nutricia.

As foods rather than drugs, the new products do not have to undergo clinical trials. The fatty acids appear to be harmless, but without trials it is hard to demonstrate that the doses are right. Further, these formulas do not have the antibodies found in mothers' milk that protect against infection.

Martek and Scotia do not make serious medical claims for the new infant formulas. "We're saying that they are more like mothers' milk," says Martek. "But no one will make therapeutic claims right now."

Daniel Green

PEOPLE

Half a pair for Hi-Tec's Mackness

Frank van Wezel, founder of Hi-Tec Sports, is splitting his job as chairman and chief executive and handing over the chief executive's baton to Terry Mackness, 50, head of the group's important US operations.

Hi-Tec Sports, which specialises in making sporting shoes and leisure wear, has had a chequered stockmarket history. Its performance has been hit by fierce competition from bigger sports shoe manufacturers. Last month the shares fell sharply after the group reported a first half pre-tax loss of £7.1m which was inflated by exceptional charges for restructuring the business.

In addition to worries about the group's performance, the City has also been concerned that van Wezel, whose family controls over half the equity, exercises too much control. In March 1993 two well-known non-executive directors resigned from the Hi-Tec board only a few weeks after they had been appointed, thus leading to speculation that they had not been able to get along with van Wezel's management style.

Mackness will divide his time equally between the UK and the US, the group's two main operating areas. Formerly with Cadbury Schweppes and Imperial Tobacco, Mackness joined Hi-Tec as marketing director in 1981. In 1986 he took charge of the group's UK operations before moving to California as president of Hi-Tec USA in 1989. Since then Hi-Tec's North American turnover has grown from \$9m to \$48m last year. Hi-Tec's shares, which traded over £2 in 1992, ware unchanged at 41p yesterday.

Peripatetic Perkins picks publisher

The explosion of interest in new media is encouraging some interesting excursions across traditional boundaries. Fred Perkins, former head of the Financial Times electronic information services, has been appointed group vice-president for the McGraw-Hill Book Company, based in Maidenhead, near London.

His responsibilities will cover Europe, the Middle East and Africa.

Perkins' experience of on-line information goes back more than two decades but this is his first experience of management in the world of traditional book publishing: "I believe McGraw-Hill wanted somebody who is aware of the publishing world but who comes from outside it," Perkins says, adding that the company is a combination of state of the art innovator and established business.

McGraw Hill, founded in 1888 with sales last year of around \$2bn, is already experimenting with new media forms – it publishes its entire book catalogue on CD-ROM.

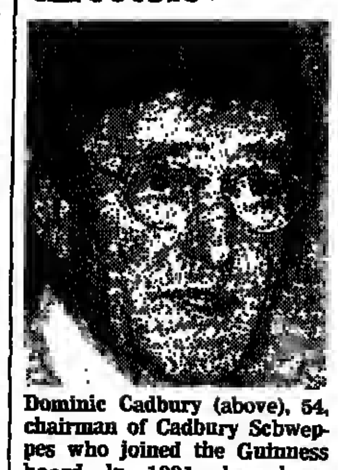
Another trial involves allowing college teachers to pick and mix sections from McGraw-Hill textbooks to create material tailored to each course, the idea being to render illegal photocopying unnecessary.

Perkins, 46, studied electrical and electronic engineering at the universities of Strathclyde and Glasgow and carried on to an MSc at Sussex and research in medical electronics at Dundee.

He worked for Citibank, ICL and I.P.Sharp (now part of Reuters) before the FT, where he led the successful campaign to convince the Monopolies and Mergers Commission that FT Profile's licensing practices were not against the public interest.

Although his old company and his new are aiming at the same markets, he does not rule out the possibility of collaboration as the multimedia revolution redraws the boundaries of competition.

Non-executive directors



Dominic Cadbury (above), 54, chairman of Cadbury Schweppes who joined the Guinness board in 1991, has been appointed joint deputy chairman and chairman of the non-executive committee of GUINNESS. He takes over at the end of the year when Sir David Plaistow, 62, retires; Sir David has been chairman of Inchcape since 1992.

■ Lord Prior has retired from UNITED BISCUITS (HOLDINGS).
■ John Perry, retired UK chairman and md of Unisys, at TRACE COMPUTERS.
■ Kenneth Minton, chief executive and md of Laporte, at JOHN MOWLEM & COMPANY.
■ Derek Pearce, former personnel director of Tioxide, and Jack Rowell, a director of Dalgety, at CELSIS.

Walpole: 'blowing its own trumpet'

Jeremy Franks (right), group chief executive of Daks Simpson group, has been appointed the new chairman of tha Walpola Committee, replacing Giles Shepard, who has stepped aside now he is no longer chief executive of the Savoy group, one of the committee's members.

The committee was set up in June 1992 in order to promote British industry's reputation for quality and style in goods and services, along the lines of France's Comité Colbert. Among its eight founder members was the Financial Times. Its membership includes such well-known companies as British Airways, Land Rover and Mappin & Webb. Each company pays a fee, based on turnover, but the amounts are not disclosed.

There have been suggestions that in the two years since its inception the committee has little concrete to show for its work, an accusation Franks rebutted yesterday. "We have been trying to build up our membership in what was a difficult time. To have reached 31 main and six associate members is commendable. The question is now how we go forward and exploit that."

Franks, 57, added that there has been "tremendous interfacing" between the members and denied that the committee is one grand public relations' exercise. "The British tend to be laid back and modest. We are trying to blow our own trumpets, but trying to get an overall game plan is very difficult. One day in the near future I am sure that the Walpole Committee will be the spokesman for British excellence."

From the point of view of his own company, Franks said that one of the achievements of belonging to the committee has been the "interfacing it has brought about with other companies, such as British Airways". First item on his agenda is to "get together personally with each of the members and then from that form a control basis of companies that relate to each other".

■ Robert Jack, an independent member of the Securities and Futures Authority and retired senior partner of McGrigor Donald, has been appointed a member of the SECURITIES AND INVESTMENTS BOARD.
■ Rajan Uddin Jalal, a councillor in Wapping, has been appointed to the LONDON DOCKLANDS DEVELOPMENT CORPORATION.
■ Barclay Forrest, a former vice-president of the NFU in Scotland, has been appointed chairman of BRITISH CEREAL EXPORTS in succession to Rowan Cherrington.
■ Malcolm Dean, a non-executive director of a number of small companies, has been appointed chief executive of the INSTITUTE OF FINANCIAL ACCOUNTANTS.
■ Julian Tunks, senior partner at Pinsent & Co, has been appointed chairman of Birmingham's COMMON PURPOSE.

هكذا من الأصل

BUSINESSES FOR SALE

PUBLIC NOTICE

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SECTION 7(7) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows:

1. He intends to revoke the Class Licence to run Branch Systems to Provide Telecommunication Services which was granted by the Secretary of State under Section 7 of the Telecommunications Act 1984 ("the Act") on 15 July 1992 ("the Current Licence"). The Current Licence requires (in Schedule 2, paragraph 1) not less than thirty days' notice of revocation, and revocation will be carried out the day after the end of 30 days from the day of publication of this notice.
2. The Secretary of State has also granted, on the day of publication of this notice, a new Class Licence to run Branch Systems to Provide Telecommunication Services ("the New Licence"). *This differs from the Current Licence only in paragraphs 2.3 and 4.2 of Schedule 1, and paragraphs 15, 16 and 25 of Annex C.*
3. The effect of the variations to Annex C is that, for the purposes of assessing whether International Simple Resale is being provided by means of systems running under the New Licence, the use of a Centrex service provided by a Public Telecommunications Operator will be disregarded where it is used only to provide to the end-user such initial or final switching and transmission as the the end-user could lawfully sub-provide by means of his own apparatus, such as a private automatic branch exchange, under the Class Licence for the Running of Self-Provided Telecommunications Systems which was granted by the Secretary of State on 30 July 1992. The variations to Conditions 2 and 4 in Schedule 1 are consequential amendments relating to the reissue of specifications made under these Conditions in the Current Licence.

Jan Dixon
Department of Trade and Industry — 4 November 1994

CONTRACTS & TENDERS

LEGAL NOTICES

No. 006295 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
CITY OF WESTMINSTER ASSURANCE COMPANY LIMITED
-and-
IN THE MATTER OF
CITY OF WESTMINSTER ASSURANCE SOCIETY LIMITED
-and-
IN THE MATTER OF
THE INSURANCE COMPANIES ACT 1982

Notice is hereby given that a Petition was on the 3rd day of October, 1994 presented to Her Majesty's High Court of Justice by the above-named City of Westminster Assurance Society Limited (hereinafter called "the Society") for:

(1) the sanction under Part I of Schedule 2C to the Insurance Companies Act 1982 to a Scheme (hereinafter called the "Scheme") providing for the transfer to City of Westminster Assurance Company Limited (hereinafter called "the Company") of the whole of the long-term insurance business carried on by the Society; and

(2) an Order making ancillary provision in connection with the said transfer under paragraph 5 of Schedule 2C to the said Act. Copies of the Petition, the Scheme and a report by an independent actuary in pursuance of the said Part I of Schedule 2C may be inspected at the offices specified in the Schedule hereto during usual business hours for a period of 21 days from the publication of this Notice.

The petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, *Strand, London WC2A 2LL on Wednesday the* 7th December 1994 and any person, including any employee of the Company or the Society, who claims to be adversely affected by the Scheme may appear at the time of the hearing in person or by Counsel.

Any person who intends so to appear, and any policyholder of the Company or the Society who dissents from the Scheme but does not intend so to appear, *should give not less than two clear* days' prior notice in writing of such intention or dissent, and the reasons therefor, to the Solicitors named below.

Copies of the documents specified above will be furnished by such Solicitors to any person requiring them prior to the making of an order sanctioning the Scheme on payment of the prescribed charge for the same.

Dated this 4th day of November, 1994
The Brough Skerrett Law Partnership
One Dyers Buildings
London EC1N 2SX
Solicitors for the Society

THE SCHEDULE
(i) Irish Life Centre, Victoria Street, St Albans, Hertfordshire, AL1 5TF.
(ii) One Dyers Buildings, London, EC1N 2SX.

No. 006439 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
LINCOLN NATIONAL (UK) PLC
-and-
IN THE MATTER OF
THE COMPANIES ACTS 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th day of October 1994 presented to Her Majesty's High Court of Justice for the *confirmation of the reduction of the Share* Premium Account of the above-named Company from £84,582,000 to £65,108,000.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London, WC2A 2AL *on Wednesday the 7th day of December 1994.*

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an *Order for the confirmation of the said reduction* of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the *regulated charge for the same.*

DATED the 4th day of November, 1994
The Brough Skerrett Law Partnership
One Dyers Buildings
London EC1N 2SX
Solicitors for the above-named Company

No. 006438 of 1994

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
CANNON LINCOLN INSURANCE
-and-
IN THE MATTER OF
THE COMPANIES ACTS 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 6th day of October 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Capital of the above-named Company from £80,000,000 *to £29,200,000 by inter alia returning capital* which is in excess of the wants of the Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London, WC2A 2AL on Wednesday the 7th day of December 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the *time of hearing in person or by Counsel for that* purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED 4th day of November, 1994

The Brough Skerrett Law Partnership
One Dyers Buildings
London EC1N 2SX
Solicitors for the above-named Company.

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVERS

Name of company: Pennine Lifts Limited. Registered No: 2501449. Trading name: Pennine Lifts Limited. Trade classification: 11. Name and address of joint administrative receivers: *David John Stokes and Michael* Joseph Moore, Coopers & Lybrand, 1 East Parade, Sheffield, S1 2ET. Office holder numbers 2682 and 5562. Date of appointment: *24 October 1994. Name of appointer:* South Yorkshire Pensions Authority.

Signed D.J. Stokes

Date: 25 October 1994.

EDUCATIONAL

THE PROPERTY MARKET

A revamped Red Book

Simon London on new rules and techniques for valuations

The reputation of valuers was left in such tatters by recession that repairing the damage is going to be a loog and difficult job. The question is whether the property profession will undertake structural repairs – to avoid similar damage during the next economic downturn – or simply try to restore a cosmetic gloss.

By proposing to overhaul its valuation manual, known as the Red Book, the Royal Institution of Chartered Surveyors is takiug the first steps towards restoring credibility.

Its proposals are an encouragingly swift response to the Mallinson Report published in April, the most wide-ranging review of valuation practice undertaken which was chaired by Mr Michael Mallinson, formerly property director of Prudential Portfolio Managers.

The "new" Red Book addresses only those elements of the Mallinson Report which could be acted upon swiftly. Insurers have estimated, for example, that almost half of all professional indemnity claims could bave been evoided if valuers had insisted on written instructions. This will now become mandatory.

The deadline for comments ou the new Red Book closed this week and the institution has received around 80 official responses. So what do valuers themselves make of the institution's attempts to bring practice up to scratch?

While many comments are broadly favourable, concern centres on two main areas: the extent to which the new Red Book should govern all work done by valuers, including estate agency work; and the proposed introduction of new valuation concepts to sit alongside open market value, the basis on which valuations have traditionally been done.

Although the old Red Book became the benchmark for all valuations, its rules only applied officially to very specific circumstances. In practice, these were usually situations where the valuation was going to find its way into public documents, such as published accounts, and probably comprised less than 10 per cent of all valuation work.

But the institution has proposed that the new Red Book cover almost all valuations, including residential. This raises the question of when an opinion becomes a valuation.

Valuers who do a lot of agency work are often asked for a valuation within a few days or less. Under such circumstances, they argue, enacting Red Book requirements will simply not be practical.

Should valuers give customers what they want – a professional but speedy response – or should they insist on a more formal approach?

The institution has suggested a compromise: advice to sellers during estate agency work is excluded from the new Red Book, but reports given to potential purchasers are covered.

Even so, many commercial and residential estate agents will find working under the rigours of the Red Book something of a shock.

"The back of the envelope unfortunately remains a basic tool of the trade for many valuers," said Mr Jeremy Waters, senior valuation partner with Jones Lang Wootton.

The second area of contention goes to the heart of the valuers' work. The new Red Book will enshrine a new basis of valuation – estimated realisation price – to complement open market valuation.

The concept of estimated realisation price has its roots in banking. Banks, the argument runs, are not interested in what a property is actually worth today, but how much they might raise if they decided to sell. Open market valuations are therefore too backward-looking.

Estimated realisation price assumes a building is put on the market immediately and involves the valuer judging how long it will taka to sell and how the market might move in the interim.

The concept was given official approval in valuation guidance note 12, issued by the institution in conjunction with the British Bankers' Association earlier this year.

The note was an honest effort to promote better understanding between valuers and bankers. Since much of the litigation surrounding negligent valuations has been brought by banks, few valuers would quibble with this aim.

But introducing estimated realisation price into the wider context of the new Red Book is more controversial. There are three main objections:

- Most international valuation standards give open market valuation as a common method, so the UK risks moving away from accepted international practice by introducing an alternative.
- Rather than bringing clarity to valuations, clients will become confused about what the different bases offer.
- Valuations based on estimated realisation price could be open to abuse, because they involve an element of judgment about how the market is likely to move.

Mr John Rich, head of valuations at Knight Frank & Rutley, the surveyors, is openly opposed to the introduction of estimated realisation price.

"My main concern with what is being proposed is the new definition of value. There will be widespread confusion about what the different bases of valuation are aupposed to provide," he says.

The debate surrounding the new basis of valuation underlines that the next phase of the reform process will be much more controversial. The Mallinson Report suggested a fresh look at the all-risks yield approach, the method of valuation used when open market evidence is not available. It also called for work on alternative methods based on the cashflow of a building.

The report did refute suggestions that the all-risks yield approach was simplistic compared with valuation approaches used in other financial markets. But it also acknowledged that methods of valuation should withstand scrutiny if the profession is to retain clients' confidence. Reforms proposed so far do not go far enough.

Much therefore depends on behind-the-scenes work on valuation techniques and the response of valuers to further reform. The real test will be whether the profession is prepared to adopt methods more in tune with the needs of its clients, even if that means changing other cherished tools of the trade.

Unfinished business


Michael Mallinson

Mallinson Report recommendations still to be addressed

- Modification of all-risks yield approach
- Codifying discounted cashflow techniques
- Development of definition of worth (as opposed to value)
- Development of methods for expressing valuation uncertainty
- Standards for measuring and expressing price trends
- Guidance on derivation and expression of opinions on future prospects for values

COMMERCIAL PROPERTY

CONTRACTS & TENDERS

Spectacular reticence

The praise for Gothenburg's new opera house should be sung from the roof-tops, writes Andrew Clark

For a city which has just acquired a splendid new opera house, Gothenburg is being very quiet about it. The Operan, to use its Swedish name, opened last month with three song-and-dance evenings targeted at a local public. It has just unveiled its first stage production, Karl-Birger Blomdahl's space opera *Aniara*, sung by members of the local ensemble. The programme contains no translations for foreigners, and unlike other recent opera house inauguretions, no attempt has been made to attract international attention.

It is as if Gothenburg could not care less what an international public thinks of its new opera house. And, you might ask, why should it? The theatre was designed not for jet-setting canary-fanciers, but for the working people of Sweden's second city, who have struggled against considerable odds to get it built.

Nonetheless, the absence of fanfare is surprising. Gothenburg, with its westward-looking port, has always thrived on its openness to the world. It is even more surprising when you see the new theatre's spectacular barhourside location, its practical design and user-friendliness: its praises deserve to be sung from the roof-tops.

The reticence can he partly explained by management instability in the run-up to the opening. The opera house has been a hot political potato since it was first seriously mooted in the 1960s. There have been rowdy demonstrations, arguments about where it should be sited and who should pay, and repeated attempts by local politicians to dictate the style and content of the programme. These machinations resulted last year in the sacking of the Gothenburg Opera's artistic and administrative directors.

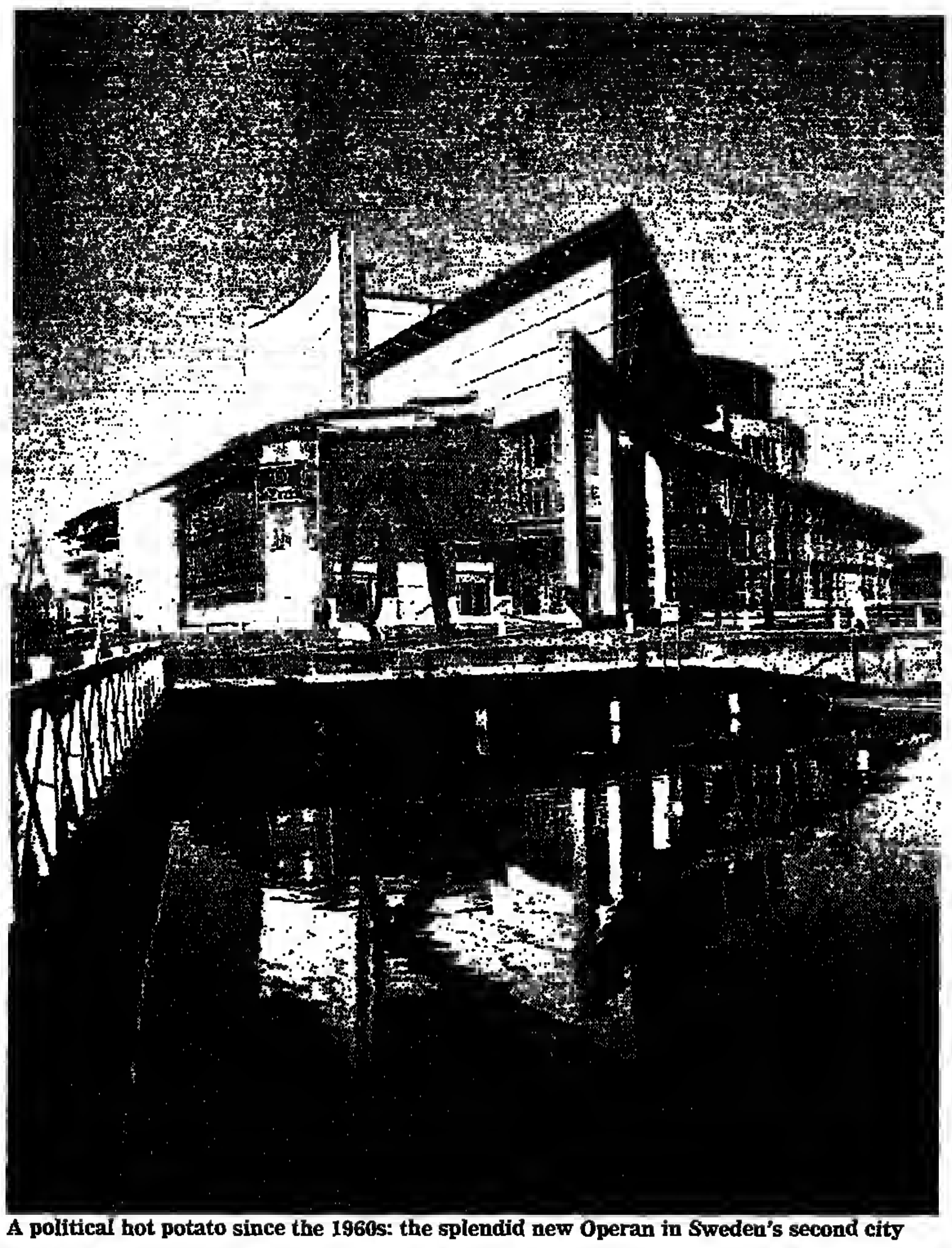
Their replacements arrived only three months ago – to find a building far behind schedule: even now, the stage lighting is not properly installed. The new artistic director is Juhani Raiskinen, an experienced conductor and manager who ran the Finnisb National Opera from 1973 to 1984. As a professor at the opera school in Gothenburg, he knew tha situation and quickly won the backing of staff.

But the reticence also reflects the fact that Gothenburg has not provided enough money to run tbe theatre properly. The city laid detailed plans in the boom years of the 1980s, and by a stroke of good timing, signed tbe builders' contracts before recession hegan to bite. The final bill – much of it paid by husiness and private subscribers – was SKr558m (£48m), balf the cost of Helsinki's opera house. With 1250 seats and a stage of 475 square metres, the new theatre has more than double the capacity of the old Stora Teatern (Crand Theatre), a beautiful but crumbling structure. Now thst Cothenburg has the chance to compete and co-produce at international level, it cannot pay for theatre of international quality. There are only 39 members of the chorus, 78 in the orchestra and 50 in the ballet.

Raihimen says raising standards ebove the provincial will take time and money. "People here have seen *Swan Lake* on the old stage and cannot understand why we don't revive it in the new theatre. With our present corps de hallet, the dancers would be lost. And can you imagine the end of the first act of *Tosca* with a chorus of 30 on a stage this size? You can hluff your way now and then, but not for 220 performances a year."

Never mind: the fabric of the building is in place, and what a magnificent site it occupies, with cranes and ocean-going ferries looming across the water, leisure craft moored literally on the theatre's cobbled doorstep, and everywhere a real smell of the sea. The long curved lines of e ship's hull have been incorporated in the exterior design, which has buoyant roof projections, spiked fly-tower corners and e swirling glass facade offering panoramic views up and down stream. Standing apart from other buildings just a stone's throw from the city centre, it fits the harbour environment perfectly.

Inside, the atmosphere is warm and intimate, thanks to cherrywood floors and a traditional horseshoe design with three balconies. The acoustic is probably a little too bright (it was hard to judge from my seat on a covered side-balcony). Jan Izlkowitz, a Swedish architect of Polish origin, deserves credit for creating a theatre which has character but is never boastful.



A political hot potato since the 1960s: the splendid new Operan in Sweden's second city

Aniara is hardly an opera for the common man, hut the Cothenhurg performances – which run till the end of November – sold out quickly because of interest in the new theatre. Blomdahl (1916-1968) based his first and most successful opera on a book by the Swedish author Harry Martinsoo. It takes place eotirely within a spaceship, which hurtles into eternity after abandoning a poisoned Earth. The master is a oear-buman computer, the Mima, which is fed lumps of pure earth and operated hy a mysterious character called Mimaroben. With the onset of despair and moral decline, the computer expires and the passengers gradually die.

The opera was first produced in 1959 by the Royal Opera in Stockholm. It created quite a stir – this was two years before man went into space – and even today, 25 years after the first moonwalk, a space opera throws up all kinds of stimulating ideas. What has dated is Blomdahl's music. An easy-oo-the-ear mixture of jazz, vocalise, choral chanting and lyrical flourishes, it has episodic atmosphere hut lacks a coherent personality. The use of the original electronic tapes only underlined the point.

A good production would have overcome these limitations. That the Cothenhurg performance fell short was not the fault of the cast, which included a Mimaroben of eerie presence in Mats Persson, a capable Blind Poetess in Carollna Sandgreo and a strong cameo from Ragnar Ulfung as the comedian Sandon. The weakness lay in Leif Segerstam's unsubtle conducting and Marie Feldtmann's staging, which used romantic choreography (Virpi Pahkinen), quaint and colourful costumes (Annsofi Nyberg) and a set dominated by a tree representing the Mima (Lars Ostbergh).

What Feldtmann saw in *Aniara* was e metaphor for people who lose their illusions about life and discover that their dreams and aspirations oo longer matter. But what we saw was a traditional, earthbound opera.

The Gothenburg Symphony Orchestra plays Sibelius' music for *The Tempest* at the Barbican in Loodon on Saturday November 5.

Magic/Antony Thorncroft

David Copperfield

He Walked Through the Great Wall of China: He has Made the Orient Express, e Jet Airplane, and the Statue of Liberty Disappear, reads the promotional hlurh. So what is David Copperfield doing turning up aces and producing rings from his back pocket in the bleak open spaces of tbe Earls Court Arena?

Padding out his act, I suppose. A man who returned magic to the days of Houdini by stage-managing elaborete puhlic stunts, and brought it up to date by exploiting the sophistication of television, looks strangely deprived of his powers working Earls Court.

Without the big stunts you quickly realise that Copperfield's performance revolves around cutting up womeo and making them disappear – the magician's lot throughout the eges. During the two hour show he mislays more pretty girls than the average man loses socks. Loud music and awesome chutzpah married to saturnine good looks have made Copperfield the richest magician in history. His skill is in presentation: what he shows off is just the commonplace woof and warp of the conjurer's trade. This is not so much sleight of hand as sleight of personality.

But Copperfield holds a crowd. The prohlem with most magicians is that the audience gets irritated with its own stupidity: it knows it is being tricked by something as facile as mirrors, or wires, or twins, hut cannot quite see the joins. Copperfield disarms this criticism by constantly promising stupefaction and delivering surprise. I suppose I can guess bow be managed to translate himself in a second from fondling a girl on stage to caressing the same girl (apparently) half way down the Arena, but the illusion shocks with its speed.

And again it is probably oo harder to saw your assistant in half vertically than horizontally, but Copperfield huilds it up into an epic making event, if only hy the size of his blade. Until familiarity takes hold, the scale of the tricks is impressive: you huy the sizzle.

Unfortunately the great climax – Copperfield flying – is something of a let down. To the thousands at the rear of the Arena the sight of a small figure moving like a badly co-ordinated goldfish at the back of the stage against dark curtains cannot have been the most exciting of visions. It was not much more impressive near the stage. We wanted Copperfield to fly over us like Superman, not indulge in shenanigans which would have embarrassed e Victorian medium.

Still there is something mysteriously eternal about magic – the elect have kept their secrets. It probably does the hrotherhood no harm that Copperfield – assisted by fiancée, super-model Claudia Schiffer who sits centre front, gazes on in awe and is Copperfield's marketing gimmick – has such a smooth show biz approach that the punters are dazzled. But you can imagine old hands at the Magic Circle tut-tutting at this crass commercialisation of ancient rites.

Theatre/Alastair Macaulay

The Editing Process

In *The Editing Process*, the new play by Meredith Oakes staged by Stephen Daldry at the Royal Court, the word "editing" scarcely occurs. And the concrete practice of editing – of making a literary work suitable for publication – also makes only fleeting appearances. No accident, this. On one level, Oakes is showing us the terrible truth ahout modern publishing: that all too little of it is actually concerned with the process of editing. On another level, however, as she sbows us the larger processes of a large publishing house, she lets us feel the larger metaphorical sense of "editing". Editing has many ingredients: improving, changing, adding, subtracting, deleting.

The Editing Process is a satire – hitter and tender, very uneven and always interesting – about aspects of modern life. At first it is mainly about the dismaying way in which a serious specialist journalistic endeavour is incorporated into a hrash philistine publishing firm; and for anyone with some acquaintance with the ways of modern publishing this is a highly affecting subject. Oakes's treatment, however, is tough and ironic. The little old magazine, *Footnotes in History* – edited by William, with the support of his long-term secretary, Peggy, who keeps on resigning – is in no way run well. William is lofty, pompous, insensitive, in person and, one presumes, as an editor. But the crass modern establishment in which *Footnotes in History* finds itself is just as absurd. Its corridors bristle with careerism; and Ted, the assistant editor, proves responsive to the new climate.

Later, bowever, the play's subject becomes redundancy. Peggy must be made redundant; William lacks the guts to tell ber. He not only drives her hard towards resignation, he does nothing to woo her back, this time, when she does. In due course, redundancy comes to William too. But wbereas Peggy still believes in *Footnotes in History*, William suddenly feels that his whole career has heen a fraud. And, anyway, they are both footnotes in history now. "Life does go on, doesn't it," Peggy says; then (my favourite line) "As soon as one's back is turned, life goes on."

It is hy no means e completely realistic play. There are sudden soliloquies amid ensemble scenes; and there are set speeches like arias, set dialogue like duets or stichomythia. The characterisations are complex hut not always convincing. Still, its blend of realism, stylisetion, and artifice is wbat Daldry's production emphasises. William, attacking his new boss Lionel, says "People like you swim in the polluted waters of this company all oblivious, opening and shutting your mouths with the idiot complacency of dying fish." *Et voilà!* The dominant metaphor of Daldry's, and his designer's Ian McNeil's, staging. We see fish-tanks small and large around the office of *Footnotes in History*; and we see, I think, that the office – the firm – is itself a goldfish bowl, enveloped in e high curving perspex wall.

A note of caution. Too many Daldry stagings seem to apply the same formula: beavy scenic effects to stress a play's socialist intentions. You may feel that Daldry and Co. are pressing more omens, metaphors, and melodrama from the play than it needs.

On the other hand, the play is strongly cast, and most of its pacing excellent. Fascinating to watch Prunella Scales, whose method is to fix the social character of a role with a satiric edge, as Peggy, alongside Alan Howard, whose style is to stylise a role's pure thought, as William. There are moments when they hardly seem to he on the same planet, but their dissimilsrity underlines the whole point of Oakes's writing. *The Editing Process* – Daldry's first production of a new play – is just the kind of drama the Royal Court is all about.

Sponsorship/Antony Thorncroft

More friends in foreign places

Business in the UK gave more money to the arts in 1993-94. ABSA (The Association for Business Sponsorship of the Arts) will announce e total of £69.5m, a rise of 6.2 per cent on the £65.4m of the previous year.

But there were interesting variations in the giving. Straightforward cash sponsorship was down for the second year running, by just over 2 per cent at £56.37m, as against £57.69m in 1992-93. Companies were, bowever, more generoue to arts huilding projects, which rose by 50 per cent to almost £7m, and in the fast growing area of support in kind – cars, computers, etc. – which was almost 100 per cent higher at £6.16m.

The rise in corporate donations will please the government, which bopes that husiness, along with local councils, will make matching contributions to the arts building projects financed by the lottery.

★

On Tuesday the British Museum will announce that an American company is putting up in excess of £1m to create a new and permanent North American gallery at the museum. In recent years the Museum's collection of native American art has been shown intermittently at its off-shoot, the Museum of Mankind. It is now coming hack to Great Russell Street as part of the BM's 250th anniversary celebrations. It will be the museum'a largest ever corporate gift.

It is amazing how generous Americans are in underpinning the cultural life of London – especially if their name is Sackler. Last month the National Gallery re-opened its British room, devoted to the masterpieces of Turner, Constable, Gainsborough, etc. It looks magnificent, restored to its 1870s splendour. And the cost, well in excess of £1m, was footed hy Mortimer and Theresa Sackler, who in the past have given £500,000 to tbe Tate.

Pop over to the Britisb Museum and admire the new Ancient Near East and Early Egypt galleries and thank Raymond and Beverley Sackler, while the Royal Academy bas been transformed hy the generosity of the late Arthur and Jill Sackler, who gave millions towards the galleries that bear their name. The UK ohviously still has good friends in the US, at least in the Sackler family, whose fortune was founded in the pharmaceutical industry.

But by far the most generous recent benefaction to a British gallery is the £12m to the Tate from a mysterious American. The money will be spent on revamping the old building, making it a fitting, and much larger, home for the British collection when the modern stuff has gone to the new Tate Gallery of Modern Art on Bankside. The giver is shy of publicity and has been anonymous until oow. He is Edwin Manton, Essex horn but living in the US since 1933, where he made a fortune in insurance.

British arts institutions, from museums to theaires to orchestras, will need all the friends, British and foreign, private and corporate, they can find in the next few years. For, to attract money from the lottery, they must show their ability to raise a matchlng sum. The Arts Council has made it clear that it does not expect substantial commitments from small arts organisations, but larger institutions will be required to make a better show.

★

The TSB has revamped its arts sponsorship programme. In tbe future it will concentrate oo those three popular corporate causes, education, youth and opportunity, with a budget of around £300,000 a year. The first fruits of its new policy will be announced on November 17 at the National Callery. The bank is to pay the transportation costs to hring school children from outside the London area for a first visit to the gallery. Their teachers will receive back-up support materials.

Another scheme provides for children who cannot get to the NC to receive information packs which will enhance a visit to their local art gallery. Next year a similar exercise will be launched with the LSO, enabling children to attend concerts al the Barhican on discount tickets. A third scheme is to he be announced next year.

INTERNATIONAL ARTS GUIDE

■ EXHIBITIONS

AMSTERDAM
Van Gogh Museum Odilon Redon (1840-1916): 180 works exploring the artist's development, sources and influences. Ends Jan 15. Daily
Stedelijk Museum Asger Jorn (1914-1973): retrospective of the Danish artist. Ends Nov 27. Daily
Rijksmuseum *Decorated Paper*: a remarkable collection of marbled, chintz and brocade paper manufactured in and imported into the Low Countries from the early 17th century. Ends Feb 12. Closed Mon
BASLE
Kunstmuseum Fernand Léger (1881-1955): an exhibition focusing on the major creative period from 1911 to 1924. Ends Nov 27. Closed Mon
Museum für Gegenwartskunst Gary Hill (b1951): a series of new installations and videos by the American artist. Ends Jan 29. Closed Mon
BERLIN
Brücke Museum Early Kandinsky: a survey of a little-known period in the German Expressionist'e development. Ends Nov 27. Closed Tues
Altes Museum Eldorado: pre-Columbian gold treasures from *South America. Ends Jan 8. Closed* Mon
Kunstgewerbemuseum Gianni *Versace: retrospective of the Italian* fashion designer, including sketches and theatre costumes. Ends Nov 25. Closed Mon
BRUGES
Groeningemuseum Hans Memling: 40 works by the 15th century Flemish master. Ends Nov 15
CHICAGO
Art Institute Karl Friedrich Schinkel (1781-1841): 100 drawings and prints by the influential German architect, on loan from public collections in Berlin. Enda Jan 2. Daily
FRANKFURT
Jüdische Museum The Rothschilds: an evocation in painting of the 250-year history of the famous Jewish dynasty. Ends Feb 27
Schirn Kunsthalle *Nicholas de* Stael (1914-55): retrospective of the Russian-born artist, documenting his intense but tragically brief career. Ends Nov 27. Daily
Jahrhunderthalle Hoechst Contemporary Art from the Collections of Frankfurt Banks. Ends Nov 20. Daily
HAMBURG
Kunsthalle Rembrandt and his Century: *Netherlandish drawings* from the 17th century. Ends Jan 15. Closed Mon
LIVERPOOL
Tate Gallery Barbara Hepworth: tha first major retrospective of the British sculptress's work since 1968. It includes 90 sculptures and 30 drawings from public and privats *collections around the world*. Ends Dec 4. Closed Mon
LONDON
National Gallery *The Young* Michelangelo. Ends Jan 15. Daily
Tate Gallery James McNeill *Whistler: the largest collection* of the American-born artist's work since the memorial exhibitions held after his death in 1903. Ende Jan 8. Rebecca Horn: retrospective of the contemporary artist, focusing on her extraordinery machines and installations (coinciding with another Horn show at the Serpentine Gallery). Ends Jan 8. Daily
Hayward Gallery The Romantic Spirit in German Art 1790-1990. Ends Jan 8. Daily
Royal Academy of Arts The Glory of Venice. Ende Dec 14. Italian Renaissance Book Illumination. Ends Jan 22. Daily (advance booking 071-240 7200)
Royal Festival Hall Käthe Kollewitz (1867-1945): a collection of the German artist's powerful and *emotive prints*. Ends Dec 4. Daily
Dover Street Gallery Garry Shead (b1942): paintings and etchings *inspired by D.H. Lawrence*'e novel Kangaroo. This is the first time the Australian artist's work has been exhibited in the UK. Ends Nov 30
LYON
Musée des Beaux-Arts Maurice Denis: the first retrospective in France since 1970, with more than *200 canvases*, sketches and objets d'art by the Nahis artiat. Ends Dec 18. Closed Mon and Tues
MADRID
Fundació la Caixa Kandinsky and Mondrian - Two Roads Toward *Abstraction*: this exhibition, marking the 50th anniversary of the deaths ol two great pioneers of modern *art, aims to illustrate the parallels* and differences in their stylistic evolution. Ends Nov 13 (after which *it will transfer to Barcelona*). Closed Mon
Fundacion Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo's Fuji Art Museum. Ends Jan 22. Daily
MANNHEIM
Kunsthalls Neue Sachlichkeit - Figurativs Painting in the 1920s: a survey of the realistic artistic movement which developed in resction to Cerman Expressionism, and which was first recognised by a landmark exhibition in Mannheim in 1925. Artists represented include Otto Dix, George Grosz and Georg Scholz. Ends Jan 29 (with e companion show at the Wilhelm-Hack-Museum in Ludwigshafen). Closed Mon
MANTUA
Palazzo Te Leon Battista Alberti: the first exhibition ever to bs devoted to the Renaissance genius. Ends Dec 11. Closed Mon
MUNICH
Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany: 100 paintings by Munch, plus a selection of work by late 19th century German artists who influenced him, and hy early Expressionists who found inspiration in works like The Scream. Ends Nov 27. Daily
Villa Stuck Tom Wesselmenn: retrospective of the American Pop *artist*. Ends Jan 15. Closed Mon
Haue der Kunst Roy Lichtenstein retrospective. Ends Jan 9. Closed Mon
Lenbachhaus Tanzania: more than 400 masterworks of African *sculpture*. Ends Nov 27. Closed Mon
NEW YORK
Metropolitan Museum of Art Origins of Impressionism: 175 paintings by Psrisian artists ol the 1860s. Ends Jan 8. The Annenberg Collection of Impressionist end Post-Impressionist Masterpieces. Ends Nov 27. William de Kooning's Paintings. Ends Jan 8. The Photographs ol Edousrd Baldus (1813-1889). Ends Dec 31. Stone Vessels from Ancient Egypt. Ends Jan 29. Closed Mon
Museum of Modern Art Cy Twombly (b1929): retrospectivs of the American artist who moved to Italy in 1957. Ends Jan 10. The Prints of Louise Bourgeois. Ends Jan 3. Mepping: an exhibition exploring the ways in which modernists heve made map imagery a principal focus of their work. Ends Dec 20. Closed Wed
Guggenheim Museum The Italian Metamorphosis 1943-1968: a survey of visual arts in the postwar period. Ends Jen 29. Japanese Art After 1945 (at SoHo). Ends Jan 8. The *main museum* is closed on Thurs, the SoHo site on Tues
Brooklyn Museum Indian Miniature Paintings: 80 jewel-like paintings from the 15th to 19th century, ell from the permanent collection. Ends Jan 8. *Closed* Mon and Tues
PARIS
Grand Palais Poussin: 400th anniversary retrospective. Ends Jan 2. Gustave Caillebotte (1848-1894): retrospective of the painter and patron of art who belonged to the circle of Impressionists. Ends Jsn 9. *Closed Tues, late opening Wed*
Musée d'Orsay Forgotten Treasures from Cairo: a surprisingly rich collection of works by Ingres, Courbet, Monet, Rodin, Gauguin and others. Ends Jan 8. Closed Mon
Louvre British Art in French Public Collections: paintings hy Gainsborough, Reynolds, Constable, Lawrence and Turner, plus other drawings, watercolours and engravings. Ends Dec 19. Closed Tues (Hall Nspoleon)
Musée Cernavallet The English in Paris in ths 19th Century. Ends Dec 11. Closed Mon (23 rue de Sévigné)
Institut du Monde Arabe Delacroix in Morocco: Delacroix's *visit* in 1832, when he was 34, made a lasting impression on his art. Ends Jsn 15. Closed Mon (1 rue des Fossés Saint-Bernard)
Petit Palais From Baghdad to Isphahan: 70 lelamic manuscripts evoking the ancient civilisation of central Asia, on loan from the Institute of Oriental Studies in St Petersburg. Ends Jan 8. Closed Mon
ROTTERDAM
Museum Boymans-van Beuningen From Van Eyck to Bruegel: 96 Dutch and Flemish paintings dating from 1400-1550. Ends Jan 22. *Alexej Jawlensky* (1864-1941): retrospective of the Russian-born artist who was e member of *Kandinsky's circle in Munich*. Ends Nov 27. Closed Mon
STOCKHOLM
Nationalmuseum Goya: a comprehensive picture of tha 18th century Spanish master, with 50 paintings and 60 prints, mostly on loan from Spain. Ends Jan 8. Closed Mon
STUTTGART
Staatsgalerie Max Beckmann *(1884-1950): 70 paintings covering* the career of one of the leading German Expressionists. Ends Jan 8. Closed Mon
TURIN
Gallerie Civica d'Arte Moderna A Celebration of Art Nouveau: s re-evocation of an exhibition held in Turin in 1902. Ends Jan 22. Closed Mon
VENICE
Pelazzo Correr Masterworks from the Petit Palais in Geneva: 70 Impressionist and Post-Impressionist paintings from ths collection of the industrialist Oscar Ghez de Montenuovo, including works hy Degas, Gauguin and Dsrain. Ends Dec 11. Daily
WASHINGTON
National Gallery of Art *Roy* Lichtenstein's Prints: 90 works by the American Pop artist. Ends Jan 8. Milton Avery (1893-1965): 67 works on paper by the American artist. Ende Jan 22. From Minimal to Conceptual Art - Works from the Vogel Collection. Ende Nov 27. *Daily*
National Museum of American Art African-American Artists from the Museum's Collection 1805-1993. Ends Feb 26. Luis Jimenez (b1940): 41 dramatic fibreglass sculptures by the Mexican-American artist. Ends Jan 2. Daily
Freer Gallery of Art Chinese Calligraphy: tha exhibition focuses on varied uses of calligraphy on 36 decorative and utilitarian objects from the 7th to 19th century. Ends next May. Daily

THE FT INTERVIEW: Howard Davies

Hard-driving realist

It has been some years since British business had it so good. When Howard Davies, director-general of the Confederation of British Industry, was recently with a group of West Midlands businessmen, only one was negative about his prospects.

"We looked at him as he if he were a bad smell," says Davies. Could all the CBI surveys capturing rising optimism among business leaders be wide of the mark?

Davies took the man aside, to seek out the problem. " 'Oh, Howard, don't worry,' " Davies recounta in a pasaable Brummy accent from his airy office high above London, " 'We've just got some very bad products right now.' "

Davies returns to Birmingham on Sunday for the start of tbe CBI's annual conference. While grass roots members will have their usual share of gripes, the business outlook is unusually favourable.

Inflation is at a 27-year low. The exchange rate is stable. Growth, exports and investment are accelerating. Even if interest rates have to rise further to keep inflation in check, they will not return to the donble-digit levels of only a few years ago.

The outlook is also good for the CBI as a lobbyist for business. Its views find a ready ear in Whitehall, especially with Mr Michael Heseltine, the trade and industry secretary. The relationship with the government is sweetness and light compared with 1980 when Sir Terence Beckett, a previous director-general, threatened a "bare knuckle fight" over economic policy.

So where is the next challenge for the hard-driving director-general, who seems to make as many media appearances as England's football manager.

In the short term, be will be watching tbe government closely to make sure that it is not back-sliding on economic management. The temptation to switcb from investment to consumption in order to line voters' pockets at the expense of business will strengthen as the next general election approaches.

"It is at the back of one's mind that they may well," Davies says. An investment-led recovery requiring the government to bear down on public expenditure "may not be popular" with the electorate, he concedes. Vigilant for such unwelcome policy shifts, Davies and the CBI will try to use their influence to keep the economy on a business-friendly track.

Looking further ahead politically, the CBI is keen to further its dialogues with tbe Labour and Liberal Democratic parties. It is also keen to lobby the European Commission where, arguably, the real power will increasingly lie.

All three organisations will be on the platform at tbe Birmingham meeting. Paddy Ashdown will be the first Liberal leader to address the CBI convention, following Labour's debut last year by the late John Smith. Labour's representative this year will be Robin Cook, until recently the party's pugnacious and effective industry spokesman.

The CBI is less lucky in attracting Euroleaders to speak. Last year Jacques Delors, then EC president, pulled out at the last minute because of illness. This year, the CBI invited Jacques Santer, wben he was a candidate to succeed Delors, but the new president appears to have decided to save his first UK public appearance for a bigger occasion.

But the Commission's representative at Monday's morning session, Padraig Flynn, is hardly a make-weight. Responsible for the EU'a social policy, he will be expected to respond to the charge, voiced by many a British business executive, that the commission's social charter on employment would be an instrument of ruin.

"Flynn will get a mixed reception," Davies says. "But it'a a good sign that he more or less volunteered to come."

The commissioner is likely to be grilled hy CBI members on the extra employment costs and inflexibilities laid down in the charter and Britain's chances of retaining its opt-out from it. To marshal ammunition, the CBI has conducted two extensive surveys on its members' Euro-thoughts that it will publish on Sunday.

Broadly speaking, CBI members favour the EU and its enlargement, Davies says. But they worry ahout the costs, chafe at needless complexities and are disappointed hy the degree reality falls short of rhetoric. The CBI's survey will show the single market remains highly imperfect for many goods and services.

Davies is a realist. A future Labour Government would sign Britain up to the charter regardless of vociferous business complaints, he concedes. Therefore, the CBI, which has a Brussels lobbying office, is working with UNICE, the European employer organisation, to make the charter less costly for business.

Other themes in the conference schedule include long-term issues such as raising investment levels, improving competitiveness, the cost of environmental legislation and the difficulty of getting tbe unemployed back to work.

For Davies, the pick-up in investment has been the most significant development in the last six months. Until the spring, the economic recovery had been led by consumption, with investment levels remaining stuhbornly low for this stage in the cycle.

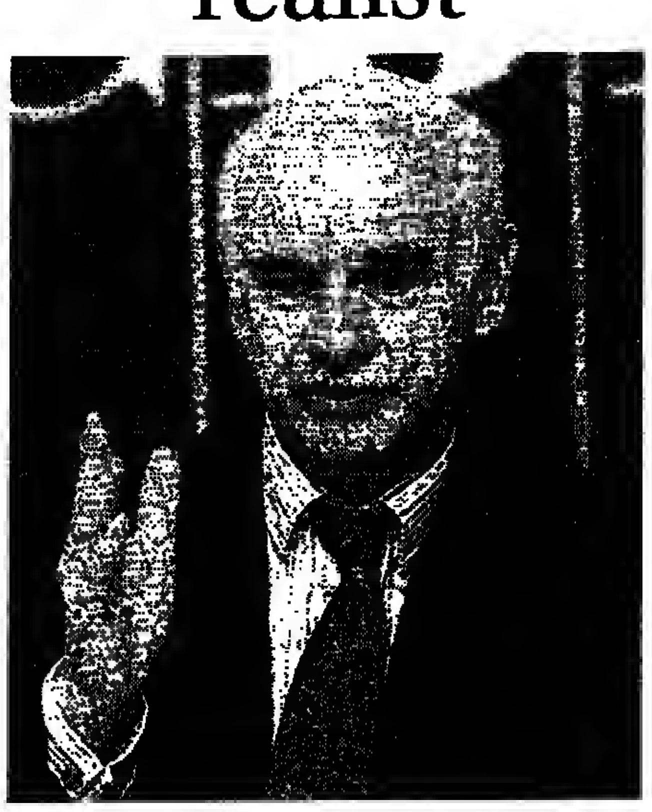
This reflected the UK economy's slow response to stimuli such as lower interest rates. "You give the thing a kick and this surly beast turns rounds and says 'what's going on?'," Davies says.

One reason business has been slow to invest has been the volatility of the Britisb economy compared with other countries. "It takes people longer to believe things are better," he says.

But now that business has enjoyed an unusually long period of price, exchange rate and interest rate stability, it has begun investing again. "We're back on track." As a percentage of gross domestic product, investment is back to levels last seen in 1983-84.

After years of underinvestment compared with other countries, the CBI's bigger concern is to achieve a "step change" in investment levels. Its Budget proposals, for example, are an attempt to improve the return for investors. "If we can recalihrate those things surrounding the investment decision, then the natural animal spirit of the British entrepreneur will have a free rein."

Roderick Oram



Brendan Corr

Howard Davies, CBI director-general: looking to the long term

Joe Rogaly

Not yet Major's last post

Take no notice of all the headlines about the humiliation of Mr Michael Heseltine. Yes, the trade secretary has lost a battle over Post Office privatisation, hut that is not the significant defeat. The authority of the government, already questioned, lies in ruins.

It is now obvious that Mr John Major is not in charge. His administration does not know where it is going. The prime minister lives hy the mercy of whatever may be ordained by any two or three taxi-fuls of rebel members of his party. His government is steered by the winds, buffeted hy fate, kicked around by *ad hoc* gangs of second-raters who oppose it from within. It has proved unable to put a simple Post Office privatisation bill in the speech due to be delivered by the Queen when she reopens Parliament on November 16. If Mr Major recovers his nerve, he might introduce such a measure anyway, perhaps early next year. The odds are that he will not.

It is a sorry sight. Mr Major showed courage during the debate on tbe bill to ratify the Maastricht treaty, when he faced down Conservative rebels and challenged them to topple the government. He might have tried the same tactic this time. The chances are that it would have worked. He has, instead, shied at the fence. His government's apparent inability to sell the postal service confirms the difficulty of promoting radical or unpopular legislation when your parliamentary majority is low and falling. It is an indication of weak leadership. Will we now refer to "Mr Major's lame duck administration"? Probably.

That said, a kinder construction may be put upon yesterday's events. The prime minister may have reasoned that a halt to PO privatisation would be popular with the voters, and therefore helpful to the Tories. As Mr Kenneth Clarke acknowledges, higb water charges in some areas have turned opinion against sell-offs. The chancellor has also observed that the excessive salaries some greedy water company directors have paid themselves have given privatisation a bad name.

At the recent Conservative party conference Mr Major wisely avolded the temptation to lean further to the right. True, restless free marketeers in his party will not cease their twittering until the government has minimalised itself out of existence, hut the wider electorate thinks differently. The prime minister appears to have chosen to fight the next election as a centrist. Anything else would be politically stupid; as it happens he could yet win another term, even as a lame duck.

Tony Blair is nature's worrier, aware that in spite of everything it would be premature to wave goodbye to John Major

I am not alone in thinking this. If you peer through the eyes of Mr Tony Blair the present condition of British politics is simply stated. The leader of the opposition is far from complacent about Labour's chances in 1996 or 1997. He is nature's worrier, aware that in spite of everything it would be premature to wave goodbye to Mr Major.

The prime minister has been througb a difficult fortnight, during which be has not always seemed in control of events. His handling of the succession of disclosures of alleged corruption among his ministers has not won him high praise. That may have damaged the government, but it will not win an election for the opposition. Mr Blair believes that most voters dislike the Conservatives and want a changa, hut he also knows that they are not yet convinced that the people's party would improve the quality of their lives.

The Conservatives harbour two schemes for winning votes. First, when election day is near the prime minister will wave the Union Jack, challenging the opposition parties on both Europe and constitutional change. Second, the chancellor might cut income tax in November 1995, in time for an April 1996 election. If not then, taxes will almost certainly he reduced in November 1996, ready for a tax-auction campaign the following April. To make assuranca donhly sure, Mr Clarke might reduce taxes in both Novembers. This will be a strong temptation if Mr Major is obliged hy fear of defeat to hang on until the last possible date in 1997.

A similar double whammy – the flag and tax cuts – worked in April 1992. It is not axiomatic that it will fail next time. Mr Blair understands this. He is trying to change voter perceptions as a form of immunisation against future Tory tax reductions. His concern is with "shifting tha fundamentals". This means speaking out boldly to change Labour thinking at every turn, and trying, through speeches and voter education programmes, to prepare tha electorate to resist eve-of-poll Budget bribes. Ha has moved Labour towards the centrist, or Conservative, position on interest rate rises, Ulster and education. He proposes to remove the socialist Clause 4 from labour's constitution, and has put his chosen moderniser in as party general secretary. The recent report of the social justice commission contains useful arguments in favour of taxing child benefit and means-testing state pensions.

You and I may mutter that that is all very well, but there are still very few specific policy commitments. Mr Blair talks about laying foundations, putting huilding blocks in place, preparing the ground, thinking matters through seriously, pointing the compass in the right direction. He accepts that we now expect Labour to deliver specific, costed, proposals. Yet we will have to wait. Certain "flagship" policies may emerge at next October's party conferenca. As to tax, the Labour leader argues that you cannot get close to the truth about the best economic policy until very near polling day, since everything depends on tha economic circumstances that prevail at that time. So he intends to maintain maximum flexibility.

In the short few months he has been leader, Mr Blair has worked hard to appear relaxed. Everything he says and does is aimed at victory. For example, he does not expect to win parliamentary jousts with Mr Major at question time; leaders of the opposition rarely beat prime ministers. He has chosen, instead, to maintain the right tone, the reasonable demeanour, suitahle for take-outs on the evening TV news. Ha attempts this even when the prime minister blusters and rages. So far he has been fortunate. He has managed to come across as a leader in *control* – of himself, his colleagues and his party. With the best will in the world, the same cannot be said of Mr Major.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Unfair view of Zambia payments

From Mr G G Johnson.

Sir, We would like to commend your excellent coverage of Zambia's recent successful adjustment and incipient recovery (Zambla Survey, October 24). Most importantly, you have reflected Zamhia's persistence in its reform and adjustment effort under difficult circumstances.

Permit me, however, to point out that in the survey's lead story, yon bave unfairly suggested that the payments to tbe International Monetary Fund of $100m a year constitute "an anomaly" that donors have not addressed. It is true that Zambia is meeting its interest obligations and making some repayments on its arrears to the fund, which amount to more than $1.2bn. But a main purpose of Zambia's rights accumulation programme with tbe IMF has been to mobilise donor financial support for Zambia.

Concessional loans and grants from bilateral and multilateral sources to Zambia have averaged more than $300m – an overall net inflow of more than $400m a year. Zambia is well on its way to achieving normalised relations with the international financial community, a procass which will lead to substantial reductions in debts service ohligations as well as continuing flows of aid.

May I also correct a reference in Mr Tony Hawkins' report on ZCCM to countries that successfully undertook rights accumulation programmes with the fund. Zamhia will be the third country after Peru and Sierra Leone to have completed such a programme, rather than Bolivia and Peru as the article indicated.

G G Johnson,
assistont director, Africon department,
International Monetary Fund,
Washington DC 20431, US

Hubs offer transport economy

From Mr J M Harper.

Sir, You would expect us in telecoms to welcome Giles Keating's Personal View (October 31) about the use of information technology to address the realities of the transport problem. I should like to develop his thinking in my capacity as a prisoner of the M25 London orbital motorway.

As he says we have grown accustomed to the predictability and door-to-door security of auto travel, such as they are. We may feel we ought to use trains; hut not only are they dirty and erratic, they never go to the right place. If one has to get oneself or one's goods to and from the railhead anyway it is easier to go the whole way by car or lorry.

Modern airports have become hubs in highly developed hire vehicle networks almost without us noticing. It would need only a minimum of investment, of organising skill and of imagination to turn stations into similar hubs for highly organised short-distance networks of buses and hire cars to homes and offices.

Similarly, railway goods depots would be natural hubs for goods container services to and from factories and shops, on the analogy of container shipping. Mr Keating's information networks would optimise the economics of hoth operations from the outset.

Once this key obstacle was cracked rail traffic would huild up so fast there would be more than enough cash to put more trains on to run; to make them run on time; and even to clean the coaches.

J M Harper,
The Lullington Group,
telecommunications advisers,
11 Lullington Close,
Seaford,
East Sussex BN25 4JH

Bizarre result is against wishes of residents

From Richard Short

Sir, I was very concerned to read your prediction ("Council reform faces further setback", November 1) that the Local Government Commission will recommend no change in most of the county areas in tbe second phase of their review. Last week, the commission published its recommendations for nine county areas. In six of tbese, including my own county of Cheshire, the commission made a U-turn and recommended no change.

The hig question that I and the electorate in Cheshire and other county areas will now be asking is: "Why has the commission spent more than two years reviewing local government at a cost nationally of in excess of £8m a year, and is coming out with absolutely no positive results?"

All the arguments for scrapping the present system and creating new unitary councils in Cheshire and other counties *are as powerful today as when* the commission advanced them in its draft recommendations last June. Two-tier local government costs residents more, it is inefficieot, unaccountable, confusing and unpopular. It is hizarre that the commission should now recommend after all its own research and evidence to the contrary, the retention of the status quo.

Wa in Chester consulted our residents about their wishes on several occasions. On the last occasion, a Gallup Poll undertaken in October showed that there was still a clear majority of Chester residents who preferred unitary local authorities and that indeed 67 per cent of them wanted a unitary council based on Chester.

In view of this substantial public support in Chester, and no doubt elsewhere, it seems preposterous that the residents of cities like Chester should not get the same benefits of unitary local government as will now be enjoyed in the future by the cities of York and Bath and Chester's neighbouring town of Wrexham in North Wales.

We in Chester, in common with other towns and cities, will he pressing tha government *strongly to reject these* totally unacceptahle recommendations.

Richard Short,
leader of Conservative group,
Chester City council,
The Forum,
Chester CH1 2HS.

View 'music to the ears'

From Dr Tony Pickles.

Sir, It was most refreshing to read Christopher Haskins' article on partnership and social justice (Personal View, October 24). To hear a senior UK industrialist condemn the "obsessive pursuit of a low skills, low investment strategy" is truly welcome; to hear him express support for the European Union'a Social Chapter, relating this to the need for responsible and progressive company personnel policies, is surely music to the ears of all of us who have become so depressed by the negative stance adopted by some leaders of industry and some (many?) leading politicians.

If Mr Haskins' views were to become an integral part of public policy, and if companies took on board the sama enlightened policies, the UK would stand a decent chance of becoming the modern, efficient, progressive economy that we all claim to want – certainly the economy that is needed for social justice to become reality.

Tony Pickles,
department of industrial technology,
University of Bradford,
West Yorkshire BD7 1DP

Theory squeezes economic ideas into a mathematical straitjacket

From David Simpson,

Sir, Many of those who read Professor Barro's Personal View (November 1) would have been surprised to discover that the essance of "endogenous growth theory" is the proposition that commercial research and development leads to the discovery and adoption of new technologies and new products, and that this "theoretical advance" had been made in California in the late 1980s. They may have thought that this idea was a fairly commonplace one, which has become familiar since its propagation hy Schumpeter more than 50 years ago.

What the proponents of "endogenous growth tbeory" have done is to try to squeeze some of the ideas of earlier economists into the straitjacket of a set of mathematical equations. Few people would believe that the evolution of modern market economies can usefully be represented hy a set of equations which focus on linear relationships between quantifiable "variables", to the exclusion of the more subtle hut more important connections between social, political and subjective factors.

In this connection, Professor Barro's statement that "Overall, the new theory and empirical work on economic growth supports the general thrust of... economic policies sucb as privatisation and deregulation..." is misleading. While one would expect "empirical work" to support the notion that privatisation and deregulation are beneficial to economic growth in advanced economies, this has nothing to do with andogenous growth theory, which does not count such measures as privatisation or deregulation among the "variables" of its equations.

Britain's chancellor, Kenneth Clarke, and others are right to be sceptical of intellectual games which suhtract from, rather than add to, our understanding of the process of economic growth. Their only practical function appears to be to provide catch-phrases for those politicians who do not understand them.

David Simpson,
economist, The Standard Life Assurance Company,
3 George Street,
Edinburgh EH2 2XZ

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday November 4 1994

Justifiably dollar shy

Central bank intervention in currency markets is rarely effective when the problems of the currency in question reflect anxiety about the broader stance of monetary policy. Hence the general scepticism among traders and economists after Wednesday's intervention by the US Federal Reserve to prop up a dollar that was plumbing yet another post-war low against the yen.

The short-term perception is that the Fed's policy stance is not restrictive anough to cope with inflationary pressures in the US and so pre-empt a further dollar decline. Yet it is a moot point whether aven a significant increase in short-term dollar rates, perhaps after the next Federal Open Market Committee meeting in mid-month, would provide the reassurance markets seek.

Historically, the dollar has tended to strengthen late in the economic cycle, as the Fed has applied the brakes to an overheating economy and the rest of the world has moved into the recovery phase. Yet many of the international flows in the present cycle may continue to work against the gravitational pull of short-term interest rate differentials.

One trend that could go unhelpfully into reverse relates to the growth in official dollar reserves. These have ballooned, most notably in Asia, in response to large capital inflows, as central banks have sought to offset the upward pressure on their currencies by purchasing dollars. Yet the cost of unsterilised intervention aimed at maintaining currency competitiveness is rapid money supply growth and accelerating inflation. With official reserves at record levels and inflation soaring, currency appreciation will come to seem the lesser evil. The dollar may thus have less support from this source in future.

Progressive decline

Portfolio flows in the US and Japan, meantime, have long been running in the opposite direction to what is needed to address the current account imbalance between the two countries. A less frequently observed phenomenon is the progressive decline of net direct investment out of Japan from $48bn in 1990 to less than $14bn last year. Why is the Japanese tradeable goods sector failing to respond to the appreciation of the yen against the dollar by investing more heavily in the US?

One clue is provided by an article in the New York Fed's latest quarterly review, which points out that foreign firms' experience in the US has been dismal even when the dollar is stripped out of the equation. With assets of $1,800bn and sales of $1,200bn they failed to turn any profit on their investment in 1992.

Transfer pricing

Of course, any losses of Japanese companies within the aggregate figures may be less than they might have incurred on the same operation at home, because of the overvalnation of the yen. But since five out of six inward investment dollars have been spent on acquisitions rather than new enterprises, this looks academic. Nor do the New York Fed economists believe that transfer pricing - shifting profits to less heavily taxed overseas jurisdictions - accounts for more than a quarter, at most, of the difference between foreign and domestic profits.

The more obvious explanation is that foreign companies went wild in the takeover boom of the 1980s, since by 1990 around half of foreign holdings in the US resulted from acquisitions in the previous five years. The Japanese in particular wera taking advantage of their lower cost of capital to buy cheaply. Yat tha advantage appears to have been nullified by poor selection of acquisitions and heavy reliance on debt finance. Post-acquisition profits have tended to collapse.

In the past, direct investment profits have improved with age. Even so, recent experience will do little to reduce Japanese industrialists' dollar shyness. And in a climate of poor corporate earnings and depressed investment in Japan, the short-term enthusiasm for investment overseas is anyway limited.

In due course the dollar may have its day. But as the American monetary pundit James Crant has pithily observed in Grant's Interest Rate Observer, the miracle of the dollar is that, after so many years of officially sponsored depreciation, it is still the world's top monetary brand name.

Red tape in perspective

The Deregulation and Contracting Out Act, which became law yesterday, is an extraordinary hotchpotch of a measure. If properly applied, it could make a modest improvement to Britain's competitiveness. But its most important contribution to that goal may be to put an end to the misconceived notion that deregulation *tout court* is a panacea for the ills of the British economy.

The deregulation act does everything from establishing a new legislative procedure for sweeping away outdated rules and procedures affecting business to reducing the accounting and reporting requirements on small charities, allowing betting on Sundays and permitting children into the bars of suitable pubs.

The important provisions ara the powers which will allow ministers to abolish or reform regulations they consider outdated and burdensome where this can be done without removing "necessary" protection, and the five new powers to improve the fairness, transparency and consistency of enforcement procedures.

In both cases, the legislation is drawn in general terms, so it is hard to tell in advance how much difference it will make. Throughout the parliamentary debates on the legislation the Labour party condemned it as a "constitutional outrage", because of the powers given to ministers to frame proposals for the repeal or amendment of regulations. Concern was expressed that health and safety might be compromised by excessive deregulation.

Right of appeal

On the other hand, some business leaders believe the provisions do not go far enough, and are aggrieved at the failure to provide a simple and statutory right of appeal against enforcement orders, particularly those emanating from local councils. The trade and industry department has gone no further than a "model appeal mechanism" which has still to be drawn up and will be incorporated in future legislation.

In practice, the constitutional outrage is unlikely to materialise. Nor is the wholesale escape from local regulation which some companies seek. The government claims that 40 per cent of the health and safety regulation which affects the "generality" of business should be removed. Yet it is equally insistent that it is not going to remove necessary protection aither for employees or for local communities and claims the support of the Health and Safety Commission for most of its recommendations.

That can only mean that most of the regulation to be swept away involves petty bureaucracy, rules that are anyway in disuse, or regulations which impact on only a small proportion of businesses. So it appears from the deregulatory changes already decided upon, which include halving the waiting period for claiming VAT for bad debt relief and scrapping 85,000 employment survey forms a year.

Euro-regulation

More of the same is welcome. It is also important that a standing watch is kept on tha rise of Euro-regulation - either in its direct form of unnecessary obligations imposed by Brussels or its indirect form of overzealous application of EU directives by UK officials.

Yet there is no point pretending that such action is going to transform the business climate and sharply improve Britain's competitiveness. To do that, governments need, over the long term, to find a way of containing public spending and taxation, while promoting better education and skill training - and the local and national infrastructure that companies and individuals need to flourish.

The priorities are familiar, but no less urgent for that. Britain'a record on vocational training remains abysmal - and recent reports on the progress of the new General National Vocational Qualifications do not lead one to suppose that a miracle cure has yet been found. The Training and Enterprise Councils have still to prove themselves as employer-led vehicles for training. More needs to be done to equip the unemployed with skills, and to make it attractive for companies to employ them. Some form of "modern apprenticeship" for young employees with poor skill levels is essential.

The list could be continued. At the end of the day, the country would be better off, even if too many forms were issued, so long as far more employees could complete them in decent English.

A continent discovered

Martin Wolf and Tony Walker ask whether the government can stay on the Chinese economic tiger

"The opening of China to the world is," argues Prof Tong Dalin, vice-chairman of the Chinese Society for Research on Restructuring the Economic System, "like the discovery of a new continent."

If anything, Prof Tong understates his case. Were China to replicate the performance of other Asian "miracle" economies, such as Japan, Taiwan and South Korea, its impact would be overwbelming. China does, after all, contain 10 times as many people as Japan.

According to official statistics, the economy is already well on the way. Real gross domestic product expanded by 270 per cent between 1978 and 1993 - a compound annual rate of 9 per cent a year. In 1992 and 1993, economic growth exceeded 13 per cent. This year, supposedly time for a slow-down, it is expected to be above 11 per cent.

There are reasons to believe these figures exaggerate China's performance. If, for example, the reported growth rate is worked backwards from the World Bank's estimate for CDP per head of $470 in 1992, it becomes just $195 in 1980 (in 1992 dollars). This is below the rather more reliable estimates of India's CDP per head in that year, which is quite unlikely.

Chinese statistics are not entirely reliable. Under-estimation of inflation is, for example, a well-known problem. More significant are the problems created by its still semi-reformed economy.

Even in 1992, almost half of the industrial output was generated by the state-owned enterprises (SOEs), while more than 61 per cent of total fixed investment (23 per cent of CDP) was buried within them (see chart). Given the low cost of official finance, the virtual absence of bankruptcy, and continued distortions in relative prices, part of this investment is likely to have been wasted. At least some of the associated increases in output could also be illusory, as turned out to be the case for the vaunted growth of the former Soviet-bloc economies.

Nevertbeless, China does bave solid and measurable achievements. The country's share of world merchandise trade rose from 0.6 per cent in 1977 to 2.5 per cent in 1993, by when it had become the world's 11th largest exporter. Foreign direct investment in 1993 was $21.3bn, more than a third of total FDI in all developing countries in that year.

Gross national savings reached 40 per cent of GDP in 1993 (which can be constrasted with the 15 per cent attained in the far wealthier US). Such a high rate of capital formation virtually ensures rapid growth, even if some is wasted. Moreover, consumption has been growing at a compound rate of close to 8 per cent a year since 1978.

Non-state enterprises (inclnding so-called township and village enterprises) now employ some 100m workers. Moreover, most Chinese provinces - not just those on the coast, like Cuangdon and Fujian - have achieved substantial increases in real incomes.

These achievements are not a miracle. As developments elsewhere in Asia show, they are the natural result of releasing the pent-up energies of the world's largest reservoir of motivated people, combined with the capital and know-bow of overseas Chinese and other foreigners.

There is no economic reason wby a country whose real output per head lies somewhere between 5 and 10 per cent of that of the US should not be able to sustain economic growtb at 10 per cent a year for a quarter of a century. Yet there may still be a reason for failure. For what is amazing is not that China is at last becoming richer, but that it is still so poor. Politics kept China poor. It could do so once more.

The reasons for this dismal performance were the country's inability to combine a reasonable degree of political stability with encouragement of productive (as opposed to rent-seeking) economic initiative. Under the influence of Deng Xiaoping's "socialism with Chinese characteristics", this combination bas at last been achieved. The big question is whether it will survive his death.

Optimists argue that progress is assured merely by contiouing witb past policies. In the most brilliant example of the indirect approach in economic history, Cbinese policy-makers have simply gone round the obstacles created by the legacy of communism.

Tbey started by granting freedoms to peasant farming, while political decentralisatiou encouraged local governments to compete with one another for investment. The overseas Chinese and foreigners were invited into special economic zones and, increasingly, to form joint-ventures with Chinese enterprises. State-enterprises have been subjected to competition from without, rather than radical reform from within. More recently, financial markets have also been created.

The ruling assumption is that China has now reached a virtuous circle of growth. Economic success engenders both further reform and popular toleration of the regime. It also makes a return to the old ideologies impossible. As Mr Zbang Junkuo, senior research fellow of the Development Researcb Centre of the State Council, remarks: "The target itself is changing all tbe time."

The extent to which targets have changed was revealed in the 14th congress of the Communist party of October 1992, wbich officially endorsed the idea of a "socialist market economy". Tbis was followed by the Third Plenum of 1993, wbose "50 articles" laid out an ambitious programme of further reform.

The document established the principles of central government primacy, necessary for fiscal and monetary discipline; of a rule-based market economy, with uniform laws, rather than one based on bargaining; and of the reform of property rights within SOEs. Above all, it established a comprehensive blueprint for the transition to a market economy. It goes well beyond "groping for stones to cross a river", the original motto of reform. The success of incrementalism has encouraged reformers to be bolder and more systematic in wbat they are attempting to do.

Unfortunately, the benign view of Chinese prospects - in which ever more rigorous and decisive approaches to reform are built upon the successes of previous more tentative ones - is persuasive, rather than cogent. Past reform has not just thrown up successes on which to build. It has also erected significant obstacles.

Among the most important is the effect on political and social stability. The most immediate threats include official corruption, uorest among unemployed workers, tbe migration of a vast army of indigent peasants in search of work and a widening gap between rich and poor. Tbe necessity to establish affordable social security arrangements, after the break-down of the old cradle-to-grave education, employment, bealth and welfare system based on work units is another daunting cballenge.

Central control is also being tested by increasingly powerful provincial officials, especially those from wealtby coastal provinces, whose economic success has enabled them to carve out personal fiefdoms allowing them, on occasions, to challenge or even ignore Beijing's dictates.

The fruits of economic success are the only possible basis for political stability in o country that has turned its back on communist ideology. But they are also the source of destabilising political and social developmeots.

Budget deficits, incontinent monetary expansion and inflation are tbe economic evidence for tbese various political stresses. They bubble to tbe surface, like lava, wbere the tectonic plates of fragile central authority, provincial autonomy and SOE uncompetitiveness clash. They also have the capacity to engulf even tbe most vigorous fruits of economic reform.

The fruits of economic success are the only basis for political stability in a country that has rejected communism

As William Overholt remarks in his important book on China's prospects: "Failure to mobilise sufficieot revenue through tax reform has historically been a key reason for the downfall of China's regimes; it was a fatal flaw of tbe Qing dynasty".(1) It has now become a grave danger to the regime's stability.

Following earlier reform, revenue from SOEs has fallen from 20 per cent of GDP in 1978 to only 4 per cent in 1992. This decline accounted for 80 per cent of the fall in the share of budgetary revenue in GDP, from 34.4 per cent to a mere 15.4 per cent. Until reforms introduced this year, revenue has also been collected by local government, leaving central government starved: tbe central government's share in budgetary revenue shrank from 59 to 41 per cent, though its share in spending fell only from 46 to 41 per cent.

Central government has lost the capacity to transfer income from the wealthier and more dynamic coastal parts of China to the less dynamic hinterland. More significantly, it bas turned in a big way to direct and indirect borrowing from the central bank, the People's Bank of China. The chart shows bow far it has gone, on the assumption that 80 per cent of the lending by the PBC to the financial system is, in fact, government-directed lending and so indirect public spending. It also shows how rapidly the consolidated deficit itself has been rising. In 1993 it was more than half as large as total budgetary revenues.

Seignorage - revenue derived from the government's access to the central bank via monetary expansion - seems to have varied from 6 to 9 per cent of Cbinesa GDP between 1988 and 1992, an extraordinary figure by international standards. In 1993, for example, seignorage from reserva money creation amounted to just under 40 per cent of total budgetary revenues, while direct and indirect government borrowing from tbe PBC amounted to just under 30 per cent.

The Chinese government is addicted to tba printing press because pressures for spending are growing stronger, wbile its revenue base is so weak. Pressures for public spending increase as SOEs come under growing competitive pressure: almost half of them appear to be making losses this year, even tbough the economy is forecast to expand by more than 11 per cent. It is borrifying to cousider what would happen in a real recession.

It is almost impossible to exaggerate the significance of the monetary financing. Hitherto the Chinese people have willingly held ever more money, partly because of the lack of alternatives (see chart). Given the degree of monetisation of the economy - much higber than in other Economies at comparable levels of development - flight from money would cause a devastating inflation.

The danger is real - and the urgency of decisive action underplayed even among the more economically educated policy-makers.

The big question is wbether decisive actinn is politically possible. Reform of state enterprises, creation of a social security system, making a success of the new fiscal system, reform of the central bank are all extremely urgent if economic - and so political - stability are to be secured. Is the Communist party, divided and weak, the instrument to deliver urgent action? If not, there is no alternative.

Senior Chinese believe that the party will survive this difficult period, provided living standards continue to improve at a fairly rapid rate. Dong Fureng, a member of the Standing Committee of the National People's Congress, China's parliament, says: "Politically I don't see fundamental change in the next 10 years. The Communist party will still be controlling the country with the proviso that it keeps its hands clean."

Critics would say that tbe party has failed in this regard and that corruption is pandemic.

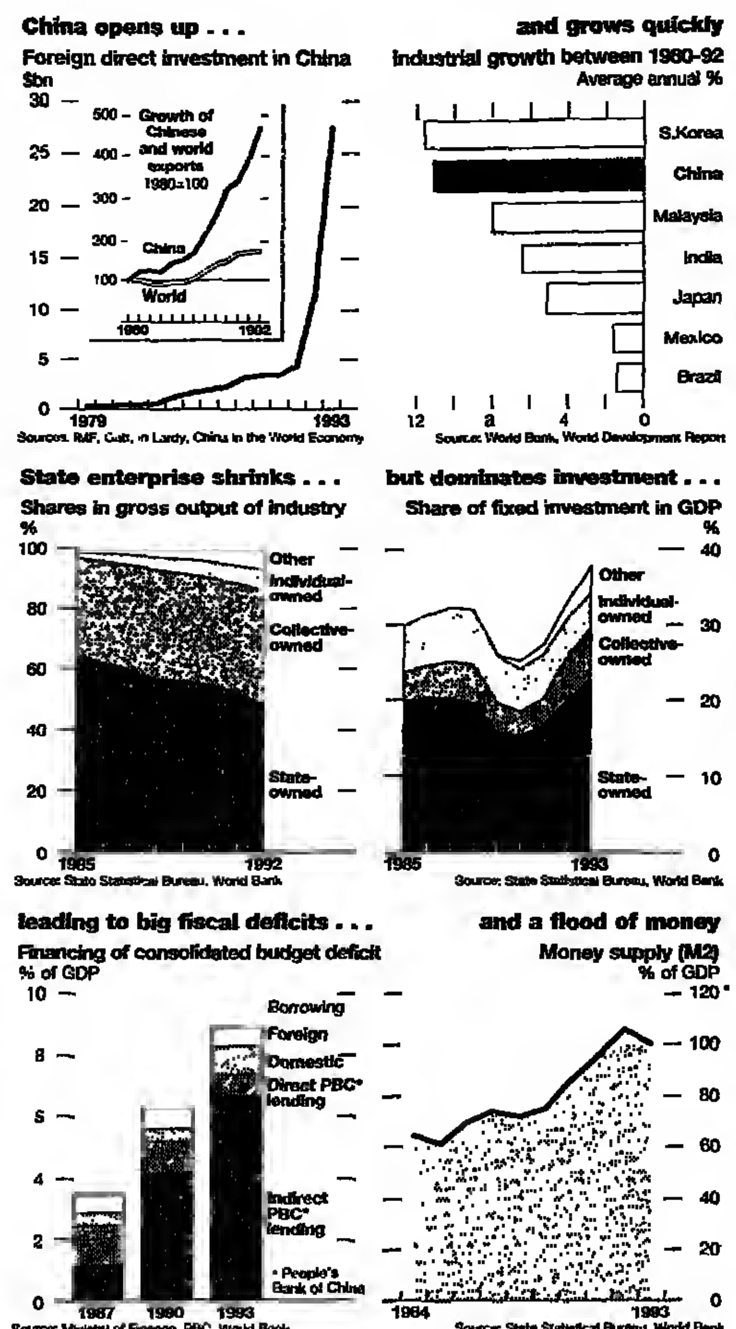
But Mr Dong, wbo is also a professor emeritus of China's Academy of Social Sciences, believes that in spite of resistance, the Chinese system is capable of transformation. "We will have to change," he says. "We will have to become more democratic and that means increasing the powers of representative institutions like the National People's Congress."

Chinese officials insist that their mission is to avoid repetition of Soviet-style turmoil, on the grounds that China, with its huge, unwieldy population, simply could not sustain such disruption. Memories of the chaos of the Cultural Revolution continue to weight heavily.

Their dilemma, bowever, is that slow and steady changa, whicb they prefer and which would avoid upsetting powerful interests in society, may itself be destabilising. The authorities bave to stabilise tbe shaky public finances and monetary system now. But they must also not halt economic progress, or awake overwhelming opposition.

If they get the balance right, they should be able to ride the tiger of super-charged economic growth for years. China itself would tben become more middle-class, more democratic and more open, while tha Communist party would have to change out of recognition. If they fail, the inadequacy of the rulers will, again, have short-cbanged the long-suffering Chinese people.

(1) William H Overholt, China: the Next Economic Superpower (London: Weidenfeld and Nicolson, 1993).



OBSERVER

Spoilt for choice

■ The distinction between the editorial and news departments of the Wall Street Journal newspaper is no secret. The former is a billboard for conservative thinking, while the latter plays it pretty straight. Each seems to accept - if not always happily - the existence of the other.

But that inherent contradiction has surfaced this week with the publication of extracts - by the news section, naturally - of a book by two WSJ reporters who are highly critical of Justice Clarence Thomas of the US Supreme Court.

In 1991, when confronted with allegations of sexual harassment by Anita Hill during his confirmation hearings, Judge Thomas bad no stouter defenders than WSJ leader writers. Much space was devoted to David Brock, whose book charged that Hill was part of a liberal conspiracy to undermine the judge, by foul means rather than fair.

Jane Mayer and Jill Abramson, two WSJ reporters, now come to a distinctly different conclusion. In the extracts, they paint a picture of a man almost obsessed by the female sex, parading as witnesses four women who worked with Thomas and whose evidence was never presented to the Senate judiciary committee. The extracts appeared yesterday - as did spin-off prime time TV programmes.

So far the magisterial leader writers have been quiet. But surely not for long?

Biffed

■ Who once said of Baroness Thatcher's government that it was a "sort of Stalinist regime", and that her press aide Bernard Ingham was "some sort of rough-spoken, Yorkshire Rasputin who is manipulating government and corroding public morality"?

John Biffen, step forward. At 64, the former Tory cabinet minister has decided he has had enough and will not stand in tbe next election - making him fully, as opposed to semi-detached, as Ingham once called him.

Dead end

■ Another first for the City of London. It has plenty of streets, gates, hills and even ditches, but up to now never a road. However, it has just had to accept its first - the south-eastern tip of Goswell Road - and by all accounts the City elders are none too pleased. It's all the fault of the changes in local authority boundaries.

"The thing is, you don't need roads once you are in the City, because you have arrived," says a City official, Barbara Newman, who heads the City's planning and transportation committee, is not optimistic about getting Islington's council to rename its highway, Goswell Street, just to suit the City.

While Observer was always rather proud to live in a road as opposed to a street, Newman seems intent on maintaining the City's "No Roads" policy. Sounds like a bit of gerrymandering is called for.

'He can foam with rage to order'

Decision time

■ Tough times for the editors of Rupert Murdoch's UK newspapers. Kelvin MacKenzie, the hugely successful editor of The Sun, was shuffled sideways into Murdoch's BSkyB and then quit because he couldn't get on with his new boss.

Now it seems that Andrew Neil, the former editor of The Sunday Times, is also on the point of quitting the Murdoch empire because his bid to set up the US equivalent of BBC TV's *Panorama* programme - called *On Assignment* - has been scrapped. Neil has apparently been offered a £2m-a-year job as editor of a new five-day-a-week late-night news programme. The money sounds good - but it could prove to be a bit of a treadmill and interfere with Neil's extramural activities. A nail-biting time for John Witherow, acting editor of The Sunday Times, and the publishers of Neil's memoirs.

Junk deal

■ Joseph Perella's first big deal for Morgan Stanley is not proving harmonious. In June, the former First Boston and Wasserstein Perella takeover artist seemed to have pulled off Wall Street's fanciest bit of financial footwork of the year. The $2.7bn break-up bid for Kemper he conjured up on behalf of Morgan Stanley's client Conseco had everything - bank debt, junk bonds, even a little bit of equity.

Unfortunately for Perella, the deal has been unravelling fast. Selling assets to bring down the debt has proved a problem, and forced a delay to the deal. Now Conseco chairman Stephen Hilbert has had to admit that his own shareholders won't back the transaction, forcing him to cut the value of his bid.

Never mind. If Kemper ends up soliciting a higher offer from someone else, it will have to pay Conseco $100m. So maybe Perella has earned his keep after all.

Radiating

■ Nuclear Electric's go-ahead to start up Sizewell B after 10 years of planning and construction is mixed news for John Collier, company chairman.

Some time ago he wagered that Sizewell would be selling electricity before Eurotunnel was transporting fare-paying passengers. He can throw the switch on Sizewell in 28 days, though it will not generate commercial power until February. But Eurotunnel, despite all its woes, should be earning its first hard cash from November 14. Though who wants to bet on *that*?

Good grief

■ Gremlins entered the Foreign Office's machinery this week. Replying to a written question on wine purchases, Alastair Goodlad, the normally lugubrious foreign office minister, referred to the hitherto obscure Government Hospitality Fun Advisory Committee. Not *another* government quango? No; for "Fun" read "Fund". Not much difference, when you come to think of it.

FINANCIAL TIMES
Friday November 4 1994

Revolt by Tory MPs threatened Commons defeat

UK government forced to scrap Post Office sell-off

By Kevin Brown, Political Correspondent

The UK government's legislative programme was in disarray yesterday after the cabinet cancelled Post Office privatisation in the face of implacable opposition from a handful of Conservative backbenchers.

After weeks of uncertainty, ministers accepted warnings from Mr Richard Ryder, chief whip, that at least eight Tory backbenchers would vote against a privatisation hill, ensuring its defeat in the Commons.

The decision was greeted with dismay by the Post Office, which has campaigned hard for greater commercial freedom. Mr Michael Heron, chairman, said the corporation faced "crippling uncertainty" about its future.

The cabinet retreat was a severe hlow for Mr Michael Heseltine, trade and industry secretary, who was forced to admit that last-minute attempts to find a compromise were doomed.

He admitted : "I have no idea how we are going to move forward from where we are now. That is the problem we now have to address."

Mr Heseltine also lost a cabinet battle with Mr Kenneth Clarke, the chancellor, who blocked a fall-back position tbat would have given the Post Office substantial commercial freedom within the public sector.

Mr Clarke, a strong supporter of privatisation, refused to accept changes to the Treasury's borrowing rules for state-owned companies which would he needed to remove financial controls from the Post Office.

Mr Heseltine said it was a "sad day" for Royal Mail, the Post Office's letter delivery subsidiary, which faces growing competition from private companies and overseas post offices.

"I find it extremely distressing to see Royal Mail having its markets eaten into by American and Australian multi-national transportation companies. I'm depressed by the fact that the Dutch and the Germans are moving into private capital in their postal services," he said.

The climhdown leaves an embarrassing gap at the centre of the government's legislative programme for the next session of parliament, which will be announced in the Queen's Speecb on November 16.

Ministers pointed to Mr Heseltine's proposed hill to deregulate the domestic gas market as a substitute centrepiece, but right-wingers quickly claimed the retreat as evidence that the government has lost its way.

Downing Street said that efforts to increase the competitiveness of the Post Office would continue. But ministers admitted that progress is likely to he minimal while the Post Office remains in the public sector.

The likely changes include investment in automation, and more contracts with the private sector to increase services such as handling bill paying.

Mr Jack Cunningham, shadow trade and industry secretary, said the decision was "a massive rebuff for the government and a personal bumiliation for Michael Heseltine".

Joe Rogaly, Page 16

Beijing attacks provinces for 'blind pursuit' of growth

By Tony Walker in Beijing

China's provinces were accused by the central government yesterday of the "blind pursuit" of higher growth, in an official commentary that appeared to foreshadow tougher pressure for spending curbs.

The official Xinhua news agency, in a dispatch that almost certainly reflects tbe views of senior leadership, charged that lack of spending restraint at local levels had "exerted a negative impact on the central government's efforts to control inflation".

The strong wording suggests Beijing is losing patience with provinces continuing to ignore central government directives. It also indicates increasing concern in Beijing at the difficulty of combating inflation.

The Xinhua dispatch reported that around 9,000 new construction projects were begun in China in July and August, in defiance of attempts to slow the rate of growth in fixed-asset spending. "The reason for the price rises since the beginning of this year is basically a result of expansion in construction investment and excessive consumption," the commentary said.

China's consumer prices rose 27.4 per cent in the 12 months to September. This was almost 2 percentage points np on August and indicated that, despite a stiffening of price controls, the nnderlying inflation rate remained stubbornly high.

China reported that, in the nine months to September, "fixed asset" spending grew 43.9 per cent above the same period last year. This represented a slowing of soch investment, but the authorities are clearly concerned that capital spending remains too high.

The People's Bank, China's central bank, released figures this week which showed that the broader M2 measure of money supply grew 37.1 per cent year-on-year in the third quarter, compared with the annual target for this year of 24 per cent.

People's Bank officials warned that stronger effort was required to combat inflation. They blamed lack of budgetary restraint, persistent demands by state enterprises for working capital and excessive growtb in wages and salaries for China's problems.

Earlier this week, the state council, or cabinet, cracked down on non-bank financial institutions in an effort to curb unauthorised lending ontside the credit plan. Local co-operatives and trust and investment companies have been an alternative source of funding for construction projects.

The government announced in August that it was making the inflation fight its main priority for the rest of the year.

A continent discovered, Page 17

Japanese car sector 'widens lead over US and Europe'

By John Griffiths in London

Japanese car makers and component suppliers are improving productivity and quality at a faster rate than their European and US rivals despite the recession in Jspan, researchers said yesterday at the end of a 12-month study of manufacturing competitiveness in the motor components sector.

Professor Dan Jones, one of the research leaders, also warned yesterday that Japanese motor manufacturers were losing patience with many under-performing European – and particularly British – component suppliers to their UK car-producing operations.

He said Japanese manufacturers expected to achieve further cost-savings of 20-30 per cent over the next two to three years.

Unless UK suppliers improved, Toyota, Honda and Nissan would consider they had no choice bot to start hringing their own suppliers to the UK from Japan, said Prof Jones, of Cardiff Business School's Lean Enterprise Research Centre.

The Cardiff centre joined with Andersen Consulting and Cambridge University to undertake the study, which compared the productivity and quality performance of 71 component producers in Japan, Europe, the US, Canada and Mexico.

It found that tbe Japanese manufacturers had improved productivity by 38 per cent since a previous study by the team two years ago despite a 16 per cent fall in production volumes. "The signs are that the Japanese carmakers will emerge from the current recession even stronger than before," the study concludes.

The study showed the US industry to be well ahead of Europe on quality, but still 30 per cent behind Japan, and gave no comfort to the German components sector. The highly detailed research found German quality to be only slightly above average. Productivity remained low.

Of the 13 plants found to be "world class" in terms of productivity and quality, five were in Japan, three to the US, three in France and two in Spain.

Overall, Europe's prodnct defect rates were more than seven times the Japanese level.

In terms of productivity, typical UK plants would need to double output with the same labour force to reach the "world class" level.

A big problem, said Prof Jones, was that most UK suppliers to the Japanese car producers believed they had already made considerable progress over the past two years and could not believe their supplier status might be under threst. "They probably still won't believe it ontil the first one gets dropped," he added.

Streets ahead, Page 11

THE LEX COLUMN

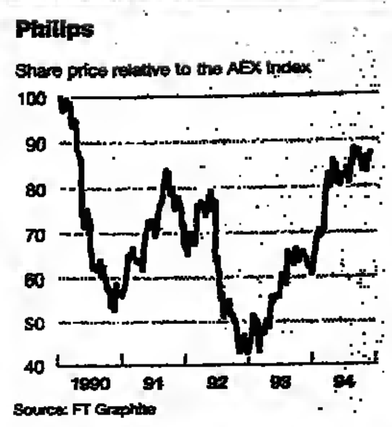
Multimedia manoeuvre

Revitalisation is the new motto st Philips. After years of painful restructuring in which jobs have been cut and husinesses sold, the Dutch electronics group plans to expand again. Investment is being stepped up and Philips is eyeing multimedia acquisitions.

The sharp turnaround in the group's financial performance, underlined by yesterday's tripling of third quarter earnings before extraordinary items, certainly justifies a shift in strategy. But operating margins are still a modest 5.7 per cent, so investors will be wary if the expansion is not extremely cautious. Only in the semiconductor and components division, where operating margins are 13 per cent, is the case for greater investment compelling. Margins in the core consumer electronics business are a mere 2 per cent. Meanwhile, the priority in the loss-making professional products division must be further restructuring.

The biggest concern surrounds Philips' multimedia ambitions. The group is excited hy the high margins in software compared with consumer electronics hardware. But that does not mean that Philips can add value to such businesses. Precisely because of their high margins, software groups are pricey. Nor is it enough to argue that hardware and software businesses should, in some vague way, he combined. Similar logic lay behind Sony's and Matsushita's disappointing Hollywood acquisitions. Until Philips articulates its strategy more clearly, investors will worry that it will make the same error.

FT-SE Index: 3104.4 (+23.1)



Source: FT Graphite

Boots

Boots is still struggling to clarify its strategy. After 16 months, the group has yet to reveal the conclusions of its review of the drug division. Nor has it announced the promised acquisition to bolster its European non-prescription medicines husiness.

The group intimated yesterday that a deal for the drugs division was imminent. Boots' biggest dilemma will then be what to do with the cash. The disposal, expected to raise more than £700m, will hesvily dilute earnings because of the drug operation's high margins. Boots could compensate by using the sale proceeds to buy back shares. The management has said it has no hang-ups abont returning money to shareholders. Such a move would also, in some way, atone for the disastrous £900m purchase of Ward White. Any non-prescription medicine acquisition could subsequently be funded by debt. Boots is undergeared given the strength of its cash flow.

Such manoeuvres would considerably reduce uncertainty, but whether they would lead to the stock's re-rating is doubtful. Boots the Chemist is struggling effectively in a difficult market. But in a low inflation environment, sales growth is likely to he sound rather than exciting and earnings expansion will require hard graft. Such prospects justify its small premium to the market, but little more.

Kwik Save

Yesterday's figures from Kwik Save were impressive – almost heroically so in the light of the fierce competition to UK food retailing. Pre-tax profits were better than expected and gross margins improved. All credit to the management's success in squeezing costs, putting pressure on suppliers and keeping a tight grip on cash.

The problem is that the strategic challenge facing the group is enormous. J Sainshury and Tesco have deflected the threat posed by discounters with their carefully targeted price reduction programmes. Having already pared its own prices, Kwik Save is left with limited scope to respond. It will seek to challenge the majors in high margin areas such as chilled food, and to copy them by selling a higher proportion of own-label products. Bnt competition with the superstores will highlight the relative inadequacy of Kwik Save's offering when product range and customer service as well as price are taken into account.

Kwik Savs thus faces a steady decline in core profitability which its aggressive store-opening plans – and opportunistic acquisitions such as that of Shoprite – will not be able to reverse. Kwik Save is better able to deal with the deteriorating climate than other discounters, but that is no recommendation when shares in Sainsbury are valued only in line with the market.

Euro Disney

The rumour that Euro Disney might close, which always looked implausible, suited Walt Disney while it was negotiating the theme park's rescue refinancing earlier this year. But it did nothing to help the business. Worried that they might arrive to find the gates shut, many potential customers decided not to book – leading to s sharp fall in visitors between March and May. They started to pick up from June, when the refinancing was concluded, though the total for the company's financial year was still down 10 per cent to 8.8m.

Price cuts aimed at combating the park's expensive image left revenues 15 per cent lower. Despite tough overhead rednctions, operating profits before financing costs fell to a mere FFr335m. The recovery in the shares, which jumped 13p to 96p, had more to do with the absence of the usual disappointments rather than anything more positive.

There are some grounds for optimism. Those visitors the park does attract appear to leave well-satisfied, with a good proportion coming back again. Euro Disney should get s boost from the economic recovery in continental Europe and the recent weakness of the franc will help. But with rival parks planned for Spain and Germany, the prospects are hardly exciting.

Lonrho

Those Lonrho shareholders who havs supported Mr Tiny Rowland through thick and thin may regret yesterday's resignation. But investors seem set to benefit financially now that Mr Dieter Bock has finally won his power struggle. Mr Rowland's buccaneering style had outlived its useful purpose and he seemed more keen to cling on to a disparate empire than deliver shareholder value. The fact that Mr Bock has no proven ability to run a conglomerate may matter little. The best way to add value is probably to break Lonrho up. Mr Bock should be able to achieve that.

Orders

Continued from Page 1

reportedly released 45 minntes early by a German news agency, since rebuked by the economics ministry, but the source of industrial production figures, circulated prematurely on Wednesday, was not known. Selected news sgencies are provided with embargoed advance copies of important statistics.

Mavrodi's ambitions

Continued from Page 1

founding a new political group in the Duma to an aide for the moment. Mr Mavrodi is vague on what he stands for: "I will appeal to deputies from all factions . . . actually I haven't defined my politics yet."

A light-hearted question on whether or not he planned to run for the presidency of his country drew a thoughtful response. "It will be a heavy burden to bear," he said, "but if many people ask it I would consider it . . . bnt that is a long time in the future".

Mr Mavrodi would not say what he thinks of the current president, Mr Boris Yeltsin, but said the government is full of "incompetents" who know nothing of economics and finance.

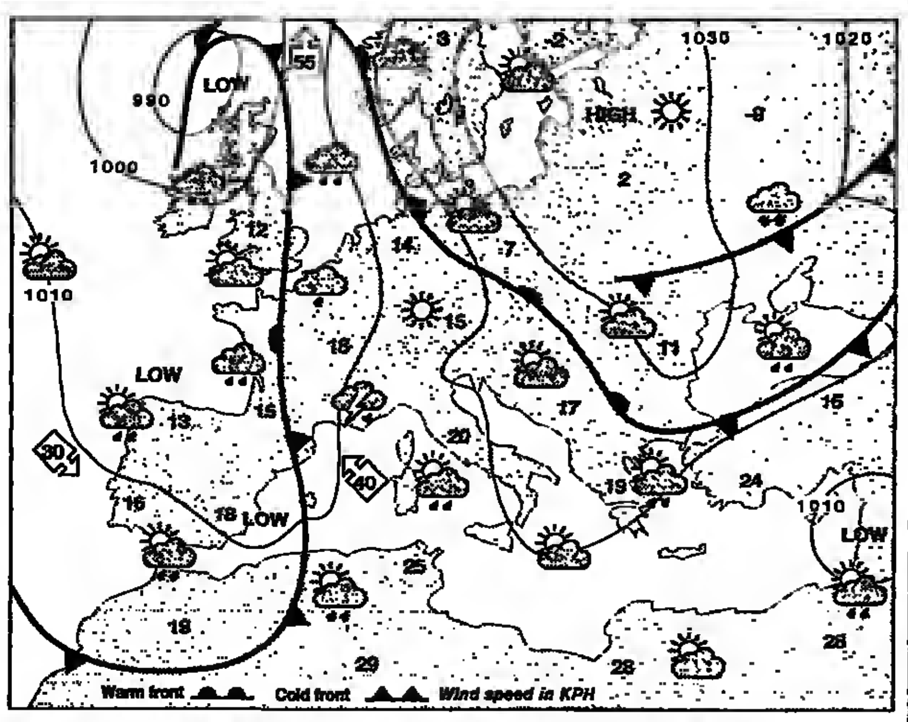
FT WEATHER GUIDE

Europe today

A strong southerly air flow, stretching from the western Mediterranean to the North Cape, will bring warmer conditions to western Europe and south-west Scandinavia. A slow moving frontal disturbance will produce rain from Spain to France and east Anglia. A lot of precipitation is expected along the southern slopes of the Pyrenees and the western Alps. The Low Countries will have scattered cloud with some sun. Germany will be sunny and rather warm. Southern Scandinavia will become milder with patchy rain in the Norwegian mountains and plenty of sun across Sweden. Cloud will linger over central Europe. Poland, Bulgaria and Greece will be mainly sunny. Scattered thunder showers will develop over the eastern Mediterranean.

Five-day forecast

The western and central Mediterranean will become increasingly unsettled and cooler. Abundant showers and thunder storms will affect south-east France and Italy. Central and eastern Europe will have sun and comfortable temperatures. Cold, wintry air will spread across the Ukraine and the Black Sea.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	
Abu Dhabi	sun	33
Accra	cloudy	29
Algiers	rain	24
Amsterdam	fair	18
Athens	fair	20
Atlanta	fair	22
B. Aires	fair	25
B.ham	rain	12
Bangkok	fair	33
Barcelona	thund	18
Beijing	fair	15
Belfast	shower	10
Belgrade	fair	16
Berlin	sun	12
Bermuda	shower	25
Bogota	fair	21
Bombay	sun	33
Brussels	fair	20
Budapest	fair	14
C.hagen	sun	9
Cairo	shower	26
Cape Town	fair	20
Caracas	shower	30
Cardiff	shower	12
Casablanca	shower	20
Chicago	shower	10
Cologne	fair	20
Dakar	sun	29
Dallas	shower	23
Delhi	sun	29
Dubai	sun	33
Dublin	shower	11
Dubrovnik	sun	21
Edinburgh	shower	12
Faro	fair	18
Frankfurt	fair	18
Geneva	shower	15
Gibraltar	rain	18
Glasgow	rain	12
Hamburg	sun	14
Helsinki	fair	2
Hong Kong	fair	27
Honolulu	fair	30
Istanbul	fair	16
Jakarta	shower	31
Jersey	cloudy	14
Karachi	sun	35
Kuwait	sun	33
L. Angeles	fair	23
Las Palmas	fair	25
Lima	fair	22
Lisbon	shower	19
London	rain	18
Lux.bourg	sun	17
Lyon	cloudy	18
Madeira	shower	22
Madrid	fair	12
Majorca	rain	20
Malta	sun	23
Manchester	cloudy	12
Manila	cloudy	30
Melbourne	shower	19
Mexico City	fair	23
Miami	fair	28
Milan	shower	12
Montreal	shower	5
Moscow	snow	-9
Munich	fair	14
Nairobi	fair	26
Naples	fair	22
Nassau	shower	31
New York	fair	20
Nice	thund	18
Nicosia	shower	26
Oslo	fair	5
Paris	rain	17
Perth	fair	26
Prague	fair	13
Rangoon	sun	33
Reykjavik	shower	5
Rio	fair	27
Rome	fair	22
S. Frsco	fair	18
Seoul	sun	15
Singapore	shower	31
Stockholm	sun	8
Strasbourg	fair	17
Sydney	fair	27
Tangier	rain	18
Tel Aviv	rain	24
Tokyo	fair	17
Toronto	fair	10
Vancouver	shower	10
Venice	fair	17
Vienna	fair	12
Warsaw	sun	5
Washington	fair	25
Wellington	fair	13
Winnipeg	snow	-3
Zurich	fair	15

FINANCIAL TIMES
COMPANIES & MARKETS
©THE FINANCIAL TIMES LIMITED 1994
Friday November 4 1994

IN BRIEF

US link sparks 73% gain at KLM

KLM Royal Dutch Airlines saw net profit soar by 73.5 per cent in the second quarter of 1994-95 under the influence of cost-cutting and economic recovery in important markets and a deepening of its ties with Northwest Airlines of the US. Page 20

Discount on News Corp's preferred shares
The limited voting preferred shares issued by Mr Rupert Murdoch's News Corporation began trading on the Australian Stock Exchange yesterday and developed a large discount to the ordinary shares. Page 21

Brierley buys 26.5% of NZ media group
Brierley Investments yesterday paid more than NZ$243m (US$150m) for a 26.45 per cent shareholding in Wilson and Horton, publisher of New Zealand's biggest circulation paper, the Auckland-based New Zealand Herald. Page 21

America West Airlines little changed
America West Airlines, the US airline that emerged from chapter 11 bankruptcy protection in August, yesterday said it made operating profits of $33.9m in the third quarter to September, little changed from the same period last year. Page 22

Chilean group to raise cash at home
Bicecorp, the Chilean financial services group, is aiming to increase its capital base through an initial public offering of shares this month. But it has chosen to raise the money in the Santiago market, rather than New York. Page 22

MoDo sells packaging unit to AssiDomän
AssiDomän plans to strengthen its position in European packaging papers by acquiring MoDo Packaging from MoDo, its fellow Swedish pulp and paper group, in a deal worth SKr1.2bn ($167m). Page 20

Sparebanken and Fokus Bank fall back
A sharp rise in domestic interest rates, which hit Norway's bonds and shares, were behind weaker nine-month results reported by Fokus Bank and Sparebanken Nor. Page 20

Daily Mail trust buys cable arts channel
The Daily Mail and General Trust yesterday expanded its interests in the new media with the acquisition of The Performance Channel, an arts channel distributed on cable television networks in the UK. Euromoney Publications, the acquisitive information group, 70 per cent owned by the Daily Mail and General Trust, announced a 36 per cent rise in annual pre-tax profits. Page 26

Elf sells 10% of Enterprise stake
Elf Aquitaine, the French oil company, has sold a 10 per cent stake in Enterprise Oil, the UK company which earlier this year failed in its hostile bid for fellow explorer Lasmo. Page 27

Usborne £13.2m in the red
Usborne, the UK grain trading and pig production group, reported pre-tax losses of £13.2m ($21m) for the year to June 30 against profits of £1.6m in the previous 18 months. Page 28

Seton expands medical products side
On the day it revealed a 27 per cent rise in pre-tax profits, the UK's Seton Healthcare is spending £24.6m ($40m) in its medical division. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				Gen Motors	39	+	¾
Rises				**Falls**			
GEHE	530	+	10	Kemper Grp	40⅝	–	1⅜
Lahmeyer	650	+	15	Utd Hlthcre	40⅝	–	1¼
PWA	234	+	5.5	**PARIS (FFr)**			
Preussag	439.5	+	7.5	**Rises**			
Falls				Air Liquide	732	+	22
AG Ind Verk	518	–	8.5	Banc Comp	527	+	18
Zanders	205	–	13	Esco	686	+	23
NEW YORK ($)				Imetal	658	+	26
Rises				UFB Locab	374	+	17
Gap	35⅝	+	1¼	**Falls**			
Dyn Hdsn	80⅝	+	3⅝	SEJC	895	–	20
May Dptmnt	39⅜	+	1⅛				

Tokyo closed. New York prices at 12.30pm.

LONDON (Pence)				McDonnel Info	114	+	7
Rises				PizzaExpress	120	+	8
Calor	287	+	9	Raglan Prop	34	+	2½
Costain	237	+	9	Ransomes	64	+	7
Danka Business	317	+	18	Sage	655	+	51
Enviromed	134	+	8	**Falls**			
Euro Disney	96	+	13	Boots	519	–	10
Hasamcell	37	+	5	MS Int	34	–	13
Hays	300	+	10	Money Docks	381	–	9
Hewitt	99	+	9	Seton Healthcare	343	–	18
Kwik Save	551	+	15	TransTec	51	–	5
Laird	370	+	15½				
Lex Service	348	+	10				
NMT Computing	181	+	8				

Philips shrugs off flat sales to treble profits

By Ronald van de Krol in Eindhoven

Philips, the Dutch electronics group, nearly trebled profits in the third quarter as it compensated for flat sales in Europe by winning increased business in higher-growth markets such as Asia Pacific, US and Brazil.

The buoyant results, which exceeded analysts' forecasts, came after a sharp drop in financing costs and a restructuring that over the past few years has rid Philips of several loss-making businesses.

Net profit jumped to Fl 530m ($312m) from Fl 133m a year earlier. This took results for the first nine months to Fl 1.19bn, against Fl 1.45bn a year earlier, when results were flattered by a Fl 1.1bn extraordinary gain on the sale of a Japanese joint venture.

The company cautioned against extrapolating these strong rates into the fourth quarter, noting that the same period of 1993 had been relatively strong and that the dollar had weakened since the current quarter began.

The quarterly figure also included a Fl 75m extraordinary gain on the sale of a small part of Philips' 40 per cent stake in Taiwan Semiconductor Manufacturing, which was recently floated in Taipei.

Group turnover was virtually unchanged at Fl 14.19bn, but sales grew by 6 per cent if deconsolidations and exchange rate movements are taken into account. Nine-month turnover, at Fl 42.15bn, also showed a 6 per cent rise on a comparable basis.

Mr Dudley Eustace, finance director, said Philips was facing average price pressure of around 2 per cent across the group.

Europe, which accounts for just over half of group turnover, generated flat sales, with German subsidiaries, such as Grundig, the consumer electronics maker, and PKI, the telecommunications group, still facing a reluctance by consumers to spend.

By contrast, Asia, which accounts for 15 per cent of sales volume, was showing faster growth, allowing Philips to generate higher profit margins.

Despite Grundig's losses, consumer electronics moved into the black, posting an operating profit of Fl 114m, against a loss of Fl 83m. Overall, Philips' group operating profit rose 48 per cent to Fl 826m, thanks to a strong result in semi-conductors.

Lex, Page 18

Greyhound faces bankruptcy petition

By Richard Tomkins in New York

Greyhound Lines, the struggling US long-distance bus operator, was yesterday facing financial collapse following a decision by some of its creditors to file an involuntary bankruptcy petition against the company.

A group purporting to represent 25 per cent of Greyhound's convertible debenture holders filed the petition late on Wednesday after refusing to accept an out-of-court restructuring proposed by Greyhound's management.

Greyhound now has 20 days to respond to the petition. The Dallas court will weigh up the two parties' representations and decide whether or not to declare the company bankrupt.

Greyhound is the only nationwide provider of bus services in the US, but it has been hit by a combination of low domestic air fares, high levels of car ownership, tough competition from regional operators, and management errors.

The company entered chapter 11 bankruptcy protection in June 1990 and emerged as a reorganised company in October 1991. After a brief period of profitability, it relapsed into heavy losses and in August it parted company with its chief executive, Mr Frank Schmeider.

Last month Greyhound announced plans for a financial restructuring that would include a new $35m credit line, the conversion of some bonds into equity, and the sale of 10m new shares to existing shareholders. But holders of Greyhound's $98.9m worth of convertible debentures are demanding a bigger equity stake than Greyhound is prepared to offer.

Czech telecom bidders line up

By Nicholas Denton in London

Bell Atlantic of the US and France Telecom have joined forces in the contest for the Czech Republic's state telecommunications company which could be eastern Europe's biggest privatisation.

Initial bids for a 27 per cent stake in SPT Telecom – worth up to $1bn – are due in December.

NM Rothschild, the UK merchant bank acting for France Telecom, claimed yesterday it had "the best client and consortium going forward". But stiff competition will come from a grouping understood to include Koninklijke PTT Nederland (KPN) of the Netherlands, AT&T of the US and Swiss Telecom.

Two other contenders, Deutsche Telekom, the German national operator, and Ameritech, the regional Bell company, are considering continuing the partnership which won last year's bidding for Matav, the Hungarian state telecommunications company.

The US-French partnership starts from a strong position in that Bell Atlantic has an existing mobile phone operation in the Czech Republic and France Telecom has provided technical assistance to SPT.

KPN's privatisation earlier this year is an attribute but rivals doubt its readiness to enter a tough bidding war.

Deutsche Telekom's bid may be hampered by its involvement in Hungary, where it promises to set up a regional communication hub, inhibiting its claims to do the same the Czech Republic. Moreover the Czech government is becoming sensitive about German economic influence.

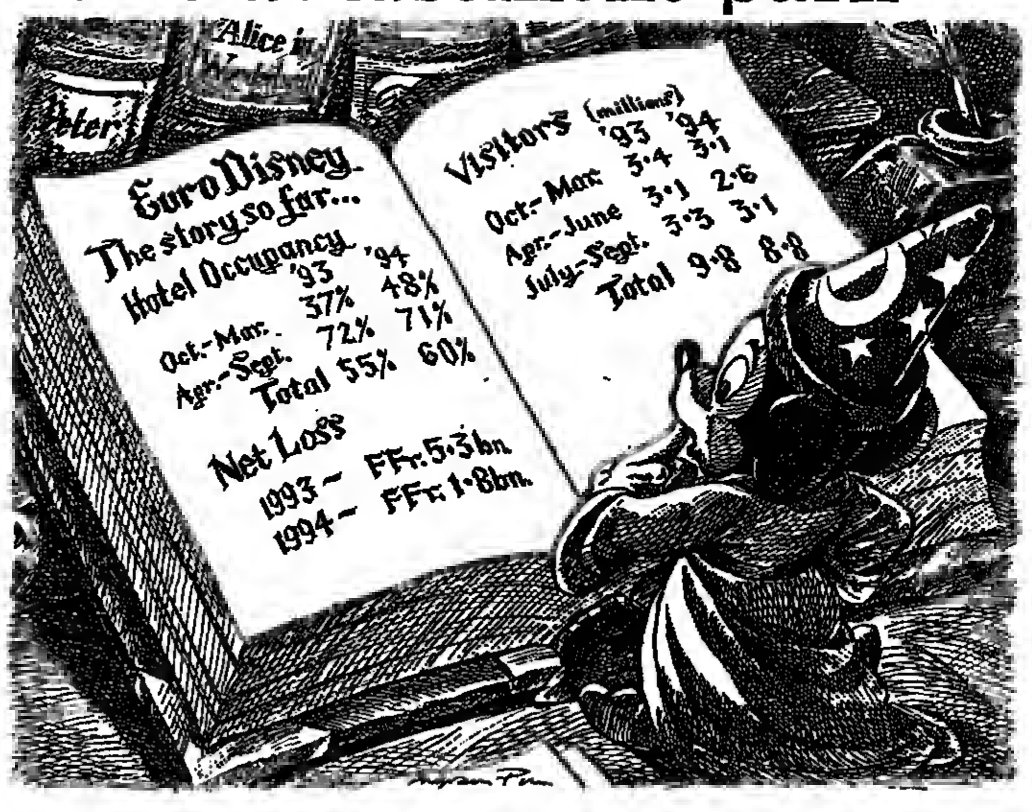
As important as the composition of the consortia are the identities of their advisers and France Telecom have hired one of the most experienced specialists on telecommunications privatisation in NM Rothschild.

NM Rothschild was mandated by the Hungarian government for the privatisation of Matav and was one of the most sought after advisers by bidders for SPT.

It is believed that Goldman Sachs, the US investment bank, has built on a relationship with KPN established during its privatisation to work with the Dutch operator in its Czech effort. Ameritech is thought to have retained the other leading US advisory firm, Morgan Stanley.

Andrew Jack and Michael Skapinker report on Euro Disney's results

Fears of closure haunt Paris amusement park



Euro Disney, the operator of the Paris-based theme park, yesterday announced full-year net losses of FFr1.8bn ($351m), down from FFr5.33bn last time, but said it had suffered a sharp fall in visitor numbers.

Mr Philippe Bourguignon, chairman, said fears that the troubled park would be closed had resulted in large numbers of potential customers staying away. Visitor numbers fell 10 per cent to 8.8m in the year to September 30. Mr Bourguignon said: "The best thing about 1994 is that it's over." The results are the first to be released since the company announced a FFr13bn restructuring with creditor banks in June. Mr Bourguignon remained confident that the park would break even by 1996.

The losses were broadly in line with analysts' projections, and the shares rose FFr125 to close in Paris at FFr815.

Mr Bourguignon said the company had still not decided whether to raise or cut prices over the next year. He admitted, however, that many French customers still regard the park as expensive and he raising prices would be difficult.

He said Euro Disney had achieved about FFr500m in cost savings in 1994, including 900 redundancies. He warned, however, that it was unlikely that similar cost-savings could be achieved in the current year. The company realised that cost cuts could not continue indefinitely as quality would suffer.

About 2,000 of the park's 10,000 employees are now on part-time contracts. The company is also recruiting staff who are prepared to work on shorter contracts, which would increase flexibility, Mr Bourguignon said.

Euro Disney was launching a new advertising campaign, which would be slightly different in each of its large European markets. A new FFr600m attraction, Space Mountain, is to open next June. Based on a book by Jules Verne, the ride gives visitors the impression of being fired from a cannon.

The company said it had cut queueing times by 45 per cent during the year through new attractions and the redesign of existing ones.

Mr Bourguignon added that managers would be given greater incentives to raise profits through a programme to turn 150 shops and restaurants into individual profit centres. Managers would be given greater autonomy in running these and would be rewarded for results.

The group had net equity of about FFr5.5bn and total borrowings of FFr15.9bn, down 23 per cent from last year. The one-off restructuring and related costs were FFr515m, and it has unused lines of credit worth FFr1.1bn.

Hotel occupancy rates rose from 55 per cent last year to 60 per cent, which the company said was in line with the French average and reflected greater flexibility in tariffs. However, expenditure per bedroom fell 14 per cent to FFr832.

Euro Disney reported operating profits of FFr332m, against FFr391m, before financing and depreciation charges. Operating costs fell 12 per cent to FFr2.96bn and management and administration charges by 23 per cent to FFr854m.

Revenues were down 15 per cent to FFr4.15bn, including FFr2.2bn from the park, FFr1.6bn from hotels and FFr322m from other activities – mainly its corporate "partners" or sponsorship programme. About half the park income comes from entrance fees and the rest from car parking, food and merchandise.

Lex, Page 18

Simon London reports on the dearth of 'big spaces'

"It frequently happens that monumental buildings are planned near the top of the building cycle, opened at a time when they cannot be filled, refinanced in the depression, and occupied during the upturn of the next building cycle." World Prices and the Building Industry, published 1937.

Canary Wharf wins vote of confidence as climate alters

Morgan Stanley, the US investment bank, has agreed to take an additional 350,000 sq ft of office space at Canary Wharf, the £1.5bn ($2.4bn) development in London Docklands now owned by a consortium of banks.

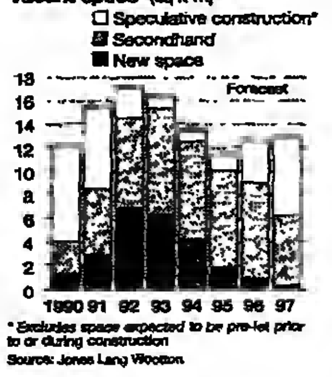
Sir Peter Levene, chairman and chief executive of Canary Wharf, also confirmed that Barclays de Zoete Wedd, the investment banking arm of Barclays Bank, is negotiating to take a further 500,000 sq ft. If this deal is signed, less than 1m sq ft of the 4.5m sq ft Canary Wharf complex will remain unoccupied.

Canary Wharf's success in attracting tenants bears out the experience of previous property cycles, as the above quote makes clear. While the development boom of the late 1980s left central London awash with surplus space, there is now an acute shortage of large, modern offices.

Although there is an overhang of vacant space – up to 12m sq ft including fringe areas of the City of London – most unoccupied buildings are old or small. Tenants such as investment banks which require open trading floors have few choices.

According to Jones Lang Wootton, the surveyors, there are only three vacant floors of more than 40,000 sq ft in the centre of the City of London and only one in the West End. Until yesterday, Canary Wharf could offer a choice of 18 vacant floors of this size. If negotiations with BZW are successful, these will all be occupied. Scarce supply is already reflected in rents. Surveyors Hillier Parker estimated that top City of London rents had risen to £32.50 a sq ft, from £30 at the start of the year.

City of London
Vacant space (sq ft m)



* Excludes space expected to be pre-let prior to or during construction
Source: Jones Lang Wootton

While others dispute this figure, tenants are being offered fewer incentives and there is little doubt that headline rents will soon rise. Against this background, Canary Wharf's competitive position is improving.

The terms of Morgan Stanley's new lease have not been disclosed, but agents said that rents of £20-25 per sq ft are usual at Canary Wharf, compared with £30-35 in the core of the City of London. Rent-free periods are also longer than the one to two years now common in central districts.

The drawbacks with Canary Wharf in the eyes of many potential tenants are location and infrastructure. Despite the new Limehouse Link roadway, improved services on the Docklands Light Railway and the planned extension of London Underground's Jubilee Line, Canary Wharf is still one step away from the City of London.

Barclays has shied away from moving all of BZW to Canary Wharf, opting to locate only the trading operations. Corporate finance, the equity markets operation and some senior management are expected to relocate to Royal Mint Court, near the Tower of London.

Sir Peter was not concerned whether or not Canary Wharf attracted head office staff. "It is my job to fill the place with good tenants. Beyond that, I don't really care who comes here."

Since it came out of administration a year ago, Canary Wharf has been owned by a group of 11 banks which financed the ambitious project for Olympia & York, the Canadian property developer. Yesterday's announcements bring forward the time when they will be able to cash in their equity by either selling the company or arranging a stock exchange flotation.

The timing of such a move depends on Canary Wharf's profitability and the banks' reading of the property cycle.

Last year, Canary Wharf's administrators predicted that the company would cover its costs by 1997/98, assuming that 80-90 per cent of the space was occupied. Sir Peter declined to comment yesterday, except to say that the company was covering its expenses before interest costs.

If the administrator's forecast proves correct, the way could be open for a flotation within three years. Many forecasters also expect commercial property prices to peak in about three years time. The banks are doubtless hoping to make a better job of judging the property cycle than the developers they backed at the last peak.

Stronger US ties spark 73% profits gain at KLM

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines saw net profit soar by 73.5 per cent in the second quarter of 1994-95 under the combined influence of cost-cutting and economic recovery in important markets.

The quarterly net profit of Fl 354m ($208m), whicb compares with Fl 204m a year earlier, led to a near doubling of first-half net profit to Fl 476m from Fl 244m.

Profit per share in the first half rose by a more modest 15 per cent to Fl 5.22, because of the 60 per cent expansion of KLM's ordinary share capital in early 1994.

KLM alao attributed its strong performance to the further deepening of its partnership ties with Northwest Airlines of the US, thougb Northwest's figures are no longer included in the Dutch carrier's profit and loss account.

Turnover rose by 6.2 per cent to Fl 2.55bn, outstripping a 2.8 per cent increase in operating costs to Fl 2.17bn.

KLM's shares rose from Fl 47.30 to Fl 48 yesterday in response to the results.

KLM has introduced a wage freeze for the calendar year 1994, and the airlina is also benefiting significantly from a pension premium "holiday" agreed with the company's three pension funds in 1993.

The productivity gains and strict cost controls enabled it to cut unit costs by 5 per cent.

Overall traffic, including passengers, cargo and post, rose by 9 per cent in the quarter, which covers the busy summer holiday months from July to September. Capacity rose by 6 per cent, enabling KLM to lift its load factor by 1.7 percentage points to 77.1 per cent.

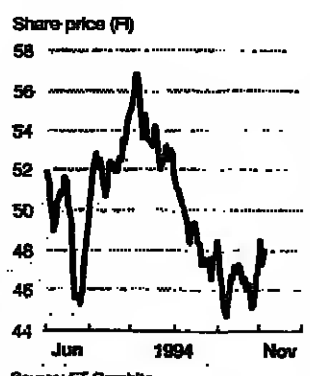
In passenger traffic, yields remained stable, in contrast to previous quarters when yields were under pressure. But cargo yields fell by 5 per cent.

KLM said the upward trend was expected to continue in the second half, provided the general economic climate continues to improve.

However, tbe pace of the improvement will be slower than in the second half of last year, wben losses narrowed sbarply to Fl 141m from Fl 770m a year earlier. KLM's financial year ends on March 31.

KLM

Share price (Fl)



Source: FT Graphite

Sparebanken and Fokus Bank fall back

By Karen Fossli in Oslo

A sharp rise in domestic interest rates, whicb hit Norway's bonds and shares, were behind weaker nine-montb results reported yesterday by Fokus Bank and Sparebanken Nor.

The banks, however, recorded sharp declines in losses on loans and guarantees.

Norway's banks are recovering from the sector's worst post-war crisis and this year have benefited from a strong domestic economy which has significantly improved the performance of loan portfolios.

This week Den norske Bank and Christiania Bank, the two biggest commercial banks, reported strong interim figures and indicated they might pay dividends for 1994. The banks say loan losses will continue to decline and stabilise by next year at normal levels.

In contrast, Fokue Bank, Norway's third biggest commercial bank, reported a dip in pre-tax profit to NKr244.3m ($37.5m) from NKr246.8m as net interest income fell by NKr66m to NKr755m.

Non-interest income was almost halved to NKr233.3m from NKr449.2m, reflecting securities losses of NKr36.2m, against gains of NKr113m a year earlier. Foreign currency gains fell by NKr11.6m to NKr35.2m.

Losses on loans and guarantees declined dramatically to NKr66.9m from NKr251.1m, but operating profit before loan losses was cut by NKr164.4m to NKr335.6m.

Sparebanken Nor, Norway's biggest savings bank, reported a steep fall in nine-month pre-tax profit to NKr487m from NKr1.03bn.

Net interest income dropped by NKr27m to NKr2.3bn while non-interest income fell to NKr539m from NKr1.56bn.

The bank suffered securities losses of NKr282m, against gains of NKr717m, with bond lossee of NKr324m, against gains of NKr554m last year.

Operating profit, before loan losses, plunged by more than half to NKr887m from nearly NKr2bn.

On the bright side, loan losses were cut by 58 per cent to NKr401m from NKr944m and the bank achieved a strong third-quarter net profit of NKr224m, up sharply from NKr39m in the second quarter.

Mr Kjell Kran, group managing director, said the positive ontlook for the remainder of the year and strong results so far meant the bank will be able pay a solid dividend for 1994.

Norsk Hydro lifts Njord stake

By Karen Fossli

Norsk Hydro, Norway's biggest stock-listed company, is to increase its shareholding in the 200m-barrel Nortb Sea Njord oil field to 30 per cent by buying Norsk Agip's stake in the field.

Terms of the deal were not disclosed.

Agip, which is restructuring it Norwegian oil field portfolio, put its 10 per cent Njord stake up for sale in the autumn.

Hydro bas operational responsibility for Njord and is planning its development.

Jump in Rhône-Poulenc income

By Andrew Jack in Paris

Lower tax charges helped lift net income at Rhône-Poulenc, the French pharmaceuticals and chemicals group, in the first nine months. Group income rose 47.4 per cent to FFr1.14bn ($222m), compared with the same period in 1993.

The company yesterday said consolidated net sales improved 6.4 per cent to FFr63.4bn, reflecting growth in all sectors. The largest increases came in organic and inorganic intermediates, up 8 per cent, and fibres and polymers, up 17.8 per cent.

It said operating income would have increased 24.6 per cent if the results excluded provisions for restructuring expenses and non-recurring items. In the first half it announced FFr699m provisions in Rhône-Poulenc Rorer, its US drugs unit.

The income tax provision fell to FFr647m from FFr1.16bn, while the charge for minority interests also fell sharply to FFr697m, compared with FFr1.06bn in the first nine months last year.

The group said the reduction reflected the merger with Institut Mèrrieux, and offset a decline in foreign excbange gains and capital gains on asset dispoeals which were mnch higher this year.

Net income for the third quarter alone jumped sharply to FFr807m, compared with a loss of FFr299m last year while net sales rose 7.5 per cent to FFr21bn.

The company believed tbe Full-year outlook remained positiva and predicted an increase in net income due to improve doperations and a capital gain on the sale of assets.

MoDo sells packaging unit to AssiDomän

By Christopher Brown-Humes in Stockholm

AssiDomän plens to strengtben its position in European packaging papers by acquiring MoDo Packaging from MoDo, its fellow Swedisb pnlp and paper gronp, in a deal wortb SKr1.2bn ($167m).

The move increases AssiDomän's market sbare in sack paper, expands its position in the important UK and German markets, and creates co-ordination benefits.

MoDo Packaging comprises a pulp and paper mill at Skärblacka in Sweden and two sack companies in England (Papropeck) and Germany (Herkules). The unit made a SKr36m operating profit on sales of SKr1.01bn in the first half of 1994, compared with a SKr16m profit and sales of SKr955m in the same 1993 period.

Mr Lennart Ahlgren, AssiDomän president, said the purchase represented "a major step on the way to a position of leadership in Europe in packaging paper".

Mr Bengt Pettersson, MoDo chief executive, said the group was selling the smallest part of its paper husiness, and would make a modest capital gain on the transaction. "This will enable us to focus on fine papers, printing paper and carton-board," he said.

It clears the way for MoDo to approve a SKr2.1bn investment in a new newsprint machine without having to fund the move through a rights issue. MoDo will give a final decision on the project later this month.

The pnrchase will lift the annnal sales of AssiDomän, which was partly privatised by the Swedish government earlier this year, by SKr2.1hn to abont SKr18bn. This means it will overtake MoDo in size to become Sweden's third largest forestry group

The purchase will increase AssiDomän's sbare of tbe Enropean market for unbleached sack paper from 18 per cent to 26 per cent and its share of tbe bleacbed sack paper market from 24 per cent to 32 per cent.

Sharp rise in income seen by Winterthur Insurance

By Ian Rodger in Zurich

Winterthur insurance, the third largest Swiss insurance gronp, said its gross premium income in the first half reached SFr10bn ($8.1bn). The group forecast a double digit rise in net income for the full year, from last year's SFr324.4m.

This is the first time the group, whicb last month agreed to acquire three insurance companies from Swiss Reinsurance for SFr355m, has published a detailed interim report. No comparative figures were given.

Gross premiums from non-life business were SFr6.38bn while claims amounted to SFr3.85bn and net expenses to SFr1.59bn. The group forecast that gross premium income would grow 9 per cent in the full year to SFr20bn, helped by a first-time consolidation of DBV Insurance of Germany.

Net life premiums wara SFr3.7bn and net benefits paid reached SFr2.06bn.

Income from the group's SFr50.56bn in investments reached SFr1.5bn.

Mr Peter Spälti, chief executive, said Winterthur had no plans to raise new capital to help pay for its recent acquisitions.

● Swissair, the Swiss national airline group, said the improving business trend recorded in the first balf of the year continued in the third quarter, but it added that the airline was still being affected by lower prices and the high Swiss franc.

Mr Hannes Goetz, chairman, said about 70 per cent of the airline's costs were in Swiss francs, but only a quarter of its revenues were in its home currency.

MAN expects to raise payout

By Christopher Parkes in Frankfurt

Germany's MAN engineering group expects to increase its dividend for the 1994-95 financial year as restructuring measures pay off and profits improve sharply.

Mr Klaus Götte, chairman, said the payout for the year to the end of June 1995 would win "more applause" than last time's cut from DM8.50 to DM7 following a drop in net profits from DM230m ($154m) to DM160m.

Earnings would recover this year to between DM200m and DM300m, he said, while next year's profits might match the record DM418m in the year to the end of June, 1992.

The chairman forecast a clear profit from commercial vehicles this year, and said last time's DM250m loss at MAN Roland printing press subsidiary would be at least halved.

Reviewing business in the first quarter, Mr Götte said salee rosa 2 per cent to DM3.32bn. Domestic turnover was down 6 per cent, while foreign sales were up 8 per cent.

However, incoming orders for buses, trucks, presses, plant and engineering products had risen 25 per cent in the review period to DM4.7bn. Domestic orders were 21 per cent higher and foreign demand was up 28 per cent; as a result, the total value of orders on hand rose 9 per cent to DM16.5bn.

Buoyant demand lifts Boots 66% in first half

By Tim Burt in London

Boots, the UK retailing and pharmaceuticals group, has increased first-half profits by 66 per cent following buoyant demand for branded drugs and a £47.8m gain on the sale of Farleys baby foods.

Pre-tax profits rose to £289.7m ($475.1m) from £174.6m in the six months to September 30, although last year's figures were distorted by a £35m write-off on Manoplax, the group's failed heart drug.

Underlying profits rose 20.4 per cent to £241.8m as the group enjoyed increased sales of Synthroid, its thyroid deficiency treatment.

Shares in the company, however, fell 10p to 519p after it warned that US demand for the drug was likely to fall in the second half, while adding that UK consumer confidence remained fragile.

Sluggish sales at Do It All, the DIY subsidiary joint venture with WH Smith and AG Stanley contributed to a modest 2.8 per cent increase in turnover to £2.04bn from £1.99bn.

Losses by these businesses undermined strong growth at Boots The Chemist, the group's largest division, where profits rose 9 per cent to £144.6m on sales ahead 5.1 per cent at £1.37bn.

The interim dividend was increased from 4.9p to 5.35p. Earnings per share grew to 20.2p from 11.5p, while underlying earnings rose 16.4 per cent to 15.6p from 13.4p.

Lex, Page 18; Background, Page 26

Kwik Save buys Shoprite's Scottish chain

By Paul Taylor and Neil Buckley in London

Kwik Save is consolidating its position as the UK's leading discount grocer by purchasing all of Shoprite group's 117 stores in Scotland and northern England for £45.4m ($74.45m) in cash.

Kwik Save – which yesterday announced a 7.5 per cent rise in full-year pre-tax profits to £135.6m – will acquire assets with a book value in October 1993 of £59.6m.

The deal marks the end of the rapid rise and fall of Shoprite, which expanded from a supermarkat, property and motor retailing group in the Isla of Man in 1990.

Lex, Page 18; Details, Page 25

INTL COMPANIES

News Corp's preferred shares trade at discount

By Nikki Tait in Sydney

The limited voting preferred shares issued by Mr Rupert Murdoch's News Corporation began trading on the Australian Stock Exchange yesterday and developed a large discount to the ordinary shares.

When trading opened, the preferred shares were priced at A$4.90, well below the A$5.70 opening level for the ordinary shares. By the close of business the new securities had made up some ground, finishing at A$5.14, compared with A$5.86 for the ordinary shares.

The new shares had been issued, by means of a scrip issue, to existing News Corporation shareholders on a one-for-two basis.

They have been the subject of much debate, because of Mr Murdoch's recent struggle to find a means of raising new capital for News Corporation without loading the group with new debt or further diluting his family's equity interest.

Last year, Mr Murdoch attempted to issue a new class of shares with "super" voting rights, but the proposal was scotched by institutional opposition. Last month, News said it was activating the preferred shares, as their potential issue had been approved by shareholders in 1990. No stock was issued at that stage.

Provided investors can be found to buy the new shares, voting rights for which are extremely limited, capital to fund acquisitions can be raised through the issue of more preferred stock without diluting the Murdoch family's stake. However, the smaller the discount between the new shares and the ordinary shares, the more advantageous it is for News Corporation.

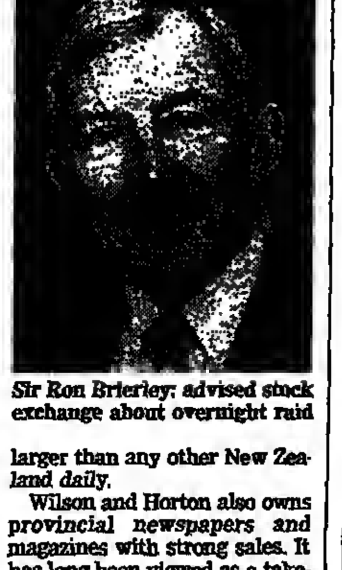
The Australian Stock Exchange said it would only include the preferred shares in the calculation of the All-Ordinaries Index, the main stock market marker, on a long-term basis if they traded closely in line with the ordinaries. It said it would include them for a three-month trial and then review the situation.

Brierley buys 26.5% of NZ media group

By Terry Hall in Wellington

Brierley Investments yesterday paid more than NZ$243m (US$150m) for a 26.45 per cent shareholding in Wilson and Horton, publisher of New Zealand's biggest circulation paper, the Auckland-based New Zealand Herald.

Brierley, founded by New Zealand corporate predator Sir Ron Brierley, advised the stock exchange before trading began yesterday that it had bought a 19.9 per cent stake overnight and was standing in the market for a further 5 per cent at NZ$9.50 a share. This was NZ$1.50 above the previous day's close. The extra shares were bought within minutes. Subsequently, Brierley bought another smaller stake.



Sir Ron Brierley: advised stock exchange about overnight raid

Directors of Wilson and Horton complained they had no prior notice of Brierley's intentions. They reminded shareholders of the statement in the latest half-yearly profits report that the group was trading buoyantly, and benefits were expected soon from new presses and printing technology. They said the offer price was well below the $11.10 the shares reached in January.

The New Zealand Herald, which frequently produces 120-page editions, has a circulation of 245,000, about three times larger than any other New Zealand daily.

Wilson and Horton also owns provincial newspapers and magazines with strong sales. It has long been viewed as a takeover target, as it is the only newspaper group in Australia or New Zealand that does not have a shareholding by an international publishing group, and no leading shareholder. It has also been considered an under-performer. Brierley Investments has no other media interests.

Wilson and Horton shares closed NZ$1.25 higher at NZ$9.50, and Brierley shares rose 2 cents to NZ$1.25.

African Oxygen rises 8% to R136m for year

By Mark Suzman in Johannesburg

African Oxygen, the South African engineering company with interests in gases, welding and healthcare, has reported an 8 per cent increase in after-tax profit to R136m ($39m) for the year ending in September, up from R123m previously.

Turnover rose 19 per cent to R1.44bn from R1.2bn while trading profit jumped 15 per cent to R266m from R232m. However, net interest paid increased 37 per cent to R44.6m from R32.7m, reflecting a rise in net borrowings to R385m from R228m which the group attributed to a more aggressive investment policy.

Mr Royden Vice, executive chairman, said he thought the results were encouraging given the difficult political and economic environment of the past year in South Africa.

He said he was particularly pleased with the acquisition of the LPG cylinder business from Engen during the year, which makes Afrox the leading distributor of liquefied petroleum gas in the southern Africa region.

Of the group's three main divisions, healthcare performed best and was strengthened by the acquisition of three hospitals. Gases and welding had a more difficult time, but Mr Vice said both had picked up recently as a result of Afrox's involvement in several domestic capital projects.

Mr Vice said he was confident that next year should see a marked improvement. "Provided the economy grows and violence can effectively be stemmed, 1995 should reflect an improved performance in all three business areas."

Telecom NZ gains 16.7% at six months

By Terry Hall

Telecom New Zealand, which is controlled by US companies Bell Atlantic and Ameritech, yesterday reported a 16.7 per cent increase in earnings to NZ$293.3m (US$181m) for the first six months to September 30.

Operating revenue rose 12.1 per cent to NZ$1.37bn, including earnings of NZ$65.4m from Pacific Star, its Australian subsidiary.

Operating expenses fell 11 per cent to NZ$797.5m and interest costs were down 11 per cent to NZ$53.9m.

New phone connections rose 47.9 per cent. Staff numbers fell by 1,000 to 9,200 during the period, in line with forecasts.

PNG mining group expects to tap Nena

By Nikki Tait

Mr Norm Fussell, chairman of Highlands Gold, the Papua New Guinea-based mining company which is controlled by Australia's MIM Holdings, said yesterday that directors were increasingly confident that a mine could be developed at Nena, the copper/gold prospect close to the Frieda River in the West Sepik province, within four years.

The resource, he said, was estimated to contain 1.2m ounces of gold and 1.2m tonnes of copper.

Highlands' stake in it is 66 per cent. Exploration expenditure this year is expected to rise to K15m ($9.4m) more than treble last year's level.

America West Airlines little changed at $33.9m

By Richard Tomkins in New York

America West Airlines, the US airline that emerged from chapter 11 bankruptcy protection in August, yesterday said it made operating profits of $33.9m in the third quarter to September, little changed from the $33m it made in the same period last year.

However, the company said it had been been constrained by the bankruptcy process from expanding its fleet of 85 aircraft during both periods, and the latest quarter had included $5.1m of operating expense adjustments relating mainly to additional reserves for bad dehts and inventories.

Figures for net income were not comparable with the previous period's $14.4m because fresb start reporting was adopted when America West emerged from bankruptcy on August 25. From July 1 to August 25 it made $19.1m, and from August 26 to September 30 – described by the airline as a seasonally weak period – it made $1.2m.

Mr A. Maurice Myers, chief operating officer, said America West had increased capacity by about 7 per cent year-on-year by making more efficient use of its aircraft. The extra seat capacity had been filled, keeping the average load factor at 69.5 per cent.

Mr Myers said America West planned to consolidate its position in existing markets by increasing frequencies and by expanding cautiously where opportunities arose – as in its recent decision to initiate services to Mazatlan and Los Cabos in western Mexico.

He said America West would differentiate itself from other carriers by offering full service to passengers at low cost.

The company has one of the lowest cost bases in the US airline industry, with operating costs per available seat mile of 6.99 cents.

Bristol-Myers buys Merck unit

By Richard Waters in New York

Bristol-Myers Squibb said it had agreed to pay rival US pharmaceuticals group Merck $261.5m to acquire its Calgon Vestal Laboratories division, a maker of skin care and infection control products.

The sale of the company, which employs 700 people and had revenues last year of $105m, is part of a previously announced move by Merck to shed businesses outside its core human and animal health divisions. Merck said yesterday it expected to pick a buyer for Kelco, a second division which is for sale, by the end of the year.

Kelco is a maker of alginates and biogums, materials which are used as stabilisers in food and other products. in 1993, it had sales of $295m and 1,300 employees.

Bristol-Myers said it would merge Calgon with its own ConvaTec division, which makes medical devices for colostomy patients, as well as materials for the care of wounds.

Calgon's products would complement those of ConvaTec, Bristol-Myers said. The two companies' products would benefit from the wider distribution and sales networks the transaction would create. ConvaTec would bring Calgon stronger international distribution while Calgon would give ConvaTec greater access to the US nursing bome and home-care markets.

Conseco reduces Kemper offer

By Richard Waters

The fate of Kemper, the US financial services group, was thrown into doubt as Conseco, the Indiana-based insurer, reduced the value of its bid for the company.

The move could open the way for a renewed takeover approach from GE Capital, the financial services arm of General Electric, or another buyer.

The lower offer, whicb values Kemper at $2.4bn, has been made because the original offer probably would not win the support of Conseco's shareholders, said Mr Stephen Hilbert, Conseco's chairman and chief executive.

Many sbarebolders are believed to be unhappy that a fall in Conseco's share price since June, when the original offer was made, would leave Kemper shareholders with a far bigger proportion of the enlarged group once the deal was completed.

The revised offer valned Kemper at $60 a share, $5 a share less than the earlier bid.

GE Capital's offer of $60 a share in cash for Kemper in May was rejected by Kemper's board as inadequate. The decision to spurn that bid means it will be difficult for Kemper's directors to accept Conseco's lower offer without facing lawsuits from shareholders.

Conseco said it had proposed the new offer to Kemper, but that its initial offer remained in effect.

The cash portion in Conseco'a revised bid is unchanged, at $56 a share. Bnt Kemper sbareboldera will now be offered fewer Conseco shares. Under the new bid, Kemper shareholders would receiva 0.1087 of a Conseco share, in addition to the cash, leaving them with about 17 per cent of the enlarged group.

Feeding frenzy among Italian banks

The recent spate of bids and mergers was not unexpected, says Andrew Hill

Mr Lamberto Dini, Italy's treasury minister, came straight to the point yesterday, when asked to comment on the spate of bids and mergers announced by Italian banks in the last week.

"It's desirable that the excessive fragmentation of the Italian banking system should be reduced," he said.

If anything, this is an understatement. Forbidden to trespass on other banks' territory until recently, Italy managed to arrive in the 1990s with more than 1,000 different banks, at least one for each fair-sized town.

In terms of size, if the Japanese are the wbales of tbe world's banking sector – accounting for 11 out of the biggest 20 in the world rankings prepared by The Banker magazine – then the Italians are tbe plankton, with the important qualification that Italy's banks have so far proved unattractive to their larger foreign counterparts.

Within the Italian banking system, however, a small feeding frenzy bas begun. The manoeuvres of the last week were not unexpected, and nor was the fact that the main bids came from the two recently privatised banks, Credito Italiano (Credit) and Banca Commerciale Italiana (BCI), both based in Milan. Botb banks had raised cash for acquisitions through rights issues earlier in the year.

Credit is seeking a majority stake in the Bologna-based Gruppo Bancario Credito Romagnolo (Rolo), for whicb it is prepared to pay L19,000 a share, or more than L2,000bn ($1.3bn).

Two days ago – exactly a week after news of the Credit offer leaked out – BCI decided to make a similar approacb to sharebolders in Banco Ambrosiano Veneto (Ambroveneto), with an offer of L7,000 a share, for an initial stake of between 15 and 29 per cent. This would then be followed up by a full bid oo the same tsrms, in the hope of acquiring just over 50 per cent of Ambroveneto at a cost of nearly L1,750bn.

Ambroveneto has so far refrained from comment about the BCI bid, but Credit's offer for Rolo – less generous, according to analysts – has begun what could turn into a hard-fought bid battle.

Credit claims its offer is not hostile, but Rolo has reacted defensively, employing beavyweight advisers Morgan Stanley and Goldman Sachs international, and announcing plans to revive an abortive merger with the Caer group, whicb owns 76.4 per cent of Rolo's nearest rival, the Cassa di Risparmio in Bologna.

Rolo has been painted as the champion of the prosperous Emilia Romagna region, with its strong local identity, but its future will depend on the willingness of its largest shareholders, which include BNP of France and Mr Carlo De Benedetti, chairman of the Olivetti computer group, to hold on to their stakes.

HOW THE ITALIAN BANKING SECTOR COULD CHANGE (Italy's biggest banks)

	Assets (Lbn)	Gross operating profit divided by assets(%)	Branches
San Paolo di Torino	168,918	1.27	959
Banca di Roma	152,655	1.36	1,225
Cariplo	123,622	1.54	651
Banca Commerciale Italiana‡	115,813	1.52	689
Banco Ambrosiano Veneto‡	42,005	2.01	500
Credito Italiano♣	113,490	1.39	641
Credito Romagnolo*♣	31,155	2.25	356
Banco di Napoli	109,227	0.91	800
Banca Nazionale del Lavoro	108,508	1.05	562

‡ Combined assets, L157,818bn; combined branches, 1,189
♣ Combined assets, L144,645bn; combined branches, 997
* Credito Romagnolo plans to merge with Cassa di Risparmio in Bologna
Source: Italian Banks' 1993 Results

Whatever the outcome of these offers, analysts say they could mark the beginning of further rationalisation in the sector.

Until recently, Italian banks had been slow to benefit from the reform of the sector.

Some banks have taken advantage of the 1990 Amato law, which allows foundations – the traditional shareholders in some of Italy's biggest banks – to float up to 49 per cent of the banks' shares on the stock market.

Others have formed loose regional alliances, but tbere have been few large mergers or takeovers.

"The consolidation process has been in the works for a long time," said one analyst yesterday. "I think we will begin to see othar banks starting to take talk about strengthening their links."

Any future mergera will have to be consummated before the end of this year if they want to benefit from tax breaks under the Amato law, but observers say that deadline could be extended, as it has been in the past, to encourage reluctant partners to marry.

Separately, the recent bids have reignited speculation about who stands to benefit from the trend for consolidation.

In the short term, there are suspicions that certain investors may have known too much about tha impanding Rolo bid: the group's shares rose sharply ahead of tbe Credit offer.

In the longer term, sceptical observers identify the hand of Mediobanca – the Milan-based merchant bank – behind both the BCI and Credit moves.

Mediobanca gained an indirect influence over the two banks after privatisation, through big corporate sbareholders, and any extension of the two banks' branch networks would provide more outlets for the sale of Mediobanca's bonds and financial products.

There is also a suggestion, denied hy the banks themselves, that Credit and BCI have agreed to carve up the north of the country, while Banca di Roma – the other large state-controlled bank – consolidates its position in the south.

There is still a long way to go, however, before Italy achieves the level of concentration of, for example, France or the UK.

Analysts believe that the country can probably support between 100 and 200 banks, and unless Credit and BCI decide to marge with one another, the country will still lag behind in world rankings.

Mr Dini himself said yesterday thet it was up to the markets to decide the outcome of the mergers and bids tabled in the last 10 days. "We can only observe," he added.

Acquisitions help TBS to lift operating profits

By Patrick Harverson in New York

Turner Broadcasting System yesterday reported a 46 per cent improvement in third-quarter operating profits, to $88m, on revenues of $739m, up from $501m a year ago, in the wake of strong contributions from recently-acquired units, including the New Line Cinema and Castle Rock movie production companies.

TBS, however, reported a net loss of $5m for the period due to several extraordinary items, inclnding accounting changes and a charge to cover the retirement of debt.

Mr Ted Turner, chairman of TBS, singled out tbe performance of the group's New Line Cinema unit, which produced the hit film *Mask*, TBS's first film to gross $100m in box office revenues. Of the $234m increase in entertainment operations revenues to $542m, $178m came from New Line, Castle Rock and tbe Hanna-Barbera animation unit, all of which were acquired between late 1993 and early 1994.

TBS's news division, which includes tbe CNN network, posted an 18 per cent increase in revenues to $163.5m. Higher domestic advertising revenues were boosted by stronger viewer ratings, and subscription revenues increased 16 per cent, primarily because of higher sales in the US satellite dish market.

The baseball players' strike affected TBS's miscellaneous revennes, which include earnings from tbe Atlanta Braves baseball clubs. These fell 39 per cent to $37.7m.

TBS's share price climbed $⅝ to $17⅝ in early trading in New York yesterday.

Horsham lifted by gain from Barrick share deal

By Bernard Simon in Toronto

Third-quarter earnings at Horsham, the Canadian investment bolding company, controlled by Mr Peter Munk, were lifted by a large one-time accounting gain stemming from an issue of shares by American Barrick, tbe gold producer controlled by Horsham, when it acquired Lac Minerals.

Tbe third-qnarter gain reflects the difference between the price at which Barrick shares were issued to former Lac shareholders, and tbe lower value at which Horsham carries Barrick on its books.

Net earnings, including the US$136m gain, were US$152.2m, or $1.42 a share, up from $15.7m, or 15 cents, a year earlier. Earnings were 15 cents a share without the gain. Revenues climbed to $697.9m from $552m.

Horsham's borizons bave broadened with its purchase of a 47 per cent stake in Trizec, tha Calgary-based property developer, and American Barrick's acquisition of Lac.

Report casts doubt on control of markets

By Richard Lapper

As the international capital market becomes more integrated it is becoming impossible for even the biggest governments to control their own financial markets, claims a report by the McKinsey Global Institute, published today.

"Market forces are proving to be irresistible," says the report produced over the last year by McKinsey'a financial institutions group.

It says that "the challenge for policymakers, whether or not they like the growing power of the global capital market, is to learn to work with the market rather than resist or control it".

It warns that failure to tackle fiscal problems by a number of developed countries could result in "unsustainable levels of indebtedness".

The report highlights four driving forces behind globalisation of markets: liberalisation of regulation; the increased qnality and availability of information and infrastructure (and the ease with which the technology can be transferred worldwide); the securitisation of the flow of funds; and the growing use of derivatives.

It says that the size of the market tripled between 1980 and 1992, reaching an estimated $35,000bn in 1992.

It could reach $53,000bn in real terms by the end of the decade, an amount equivalent to three times the size of the gross domestic product of the developed countries and 19 times the size of their exports.

The report predicts that market ratber than government activity will determine prices in all main markets, with a global approach to the relationship between risk and return extending beyond bonds into equities.

The internationalisation of the commodity and bond markets which began in the 1970s and 1980s has already begun in the equity markets, evidenced by the recent rise in international issuance.

The report is optimistic about the developed world's capacity to generste savings, whicb it expects to increase sharply over the next two decades as a result of demographic factors. These resources can be channelled to the investment opportunities offered by the developing world, but only if governments adopt the right policies. Globalisation will bring more "benefit than harm" only if policymakers can adjust to a global framework.

The Global Capital Market: Supply, Demand, Pricing and Allocation. McKinsey Global Institute.

Chilean financial group opts for Santiago share offering

By Stephen Fidler, Latin America Editor

Bicecorp, the Chilean financial services group, is aiming to increase its capital base through an initial public offering of shares this month.

However, unlike other Chilean groups, it has chosen to raise the money in the Santiago market, rather than New York – in spite of the likelihood that the New York market would place a higher valuation on the issue.

Mr Eliodoro Matte, Bicecorp's president, calculates that his company's shares will be valued in Santiago at about 14 times prospective 1994 earnings. In New York – using past flotations for banking groups sucb as Banco O'Higgins as a guide – be believes the multiple would be nearer 18.

Mr Matte gives two reasons for selling the shares through the more conservative Santiago exchange. First, for a closed corporation sucb as Bicecorp, the jump to New York Stock Exchange standards of disclosure is a substantial one. Second, he believes the price of the company's shares will be less likely to be suffer from big shifts of sentiment in New York.

Bicecorp may be interested in a New York listing in the future, but for now it believes Santiago-based investors are likely to have firmer hands. This is in part because Chilean law stipulates that foreigners must bold on to investments in Chile for at least a year.

Bicecorp, a diversified financial services group which holds the Banco BICE investment bank and the largest stockbroker in Chile, is the first group to be designated a bank bolding company in Chile.

The group – in which the London-based Rothschild group of Sir Evelyn Rothschild has a substantial stake – is selling new shares equivalent to 16 per cent of its capital and expects to raise about $35m.

The offering will dilute tbe stake of Rothschild – which does much of its Latin American business in co-operation with BICE – to 34.17 per cent from 40.68 per cent, and that of Mr Matte'a Grupo Matte to 47.67 per cent from 56.75 per cent. Rothschild has beld a stake in BICE since it was founded in 1979, and boosted the stake to more than 40 per cent in 1987.

The share issue – which will be used to increase the capital of tba bank to international standards and to boost its life insurance business – will begin trading in Santiago on November 14. The shares will be priced a few days before that; the minimum set by the board is just under $4 a share. The offering is being made through Bankers Trust's Chilean broking subsidiary, Larrain Vial, and BICE Corredores.

Mr Matte said be hoped two-thirds of the shares would be placed with Chilean and foreign institutions (Chilean pension funds are excluded from buying new issues), and the remainder with Chilean individuals, who get tax incentives to subscribe for new shares.

Revenues increase 20% at United Healthcare

By Richard Waters

United Healthcare, one of the leading US managed care groups, recorded a 20 per cent rise in revenues in the three months to the end of September as enrollment in its health plans continued to grow strongly.

The Minneapolis-based group said tbat enrolment was up 19 per cent from a year earlier, at 2.1m, while revenues grew to $956m. The company restated year-ago figures to reflect acquisitions made in the meantime.

The company operates health maintenance organisations, preferred provider organisations and otber bealtb plans, which have grown rapidly in popularity among companies looking to hold down the cost of bealthcare for their employees.

In spite of the rapid growth in enrollment over the past year, United Healthcare said the costs of providing medical care had risen less rapidly than its income. Medical costs in the latest period equalled 79.4 per cent of its premium income, down from 82.1 per cent a year before.

Net income for the third quarter rose to $80.8m, or 46 cents a sbare, from $54.8m, or 32 cents, the year before, in line with market expectations.

Earlier this year, United reported a $1.4bn profit from the sale of a subsidiary, Diversified Pharmaceutical Services, to SmithKline Beecham.

Moore reverses three-year sales slide in quarter

By Robert Gibbens in Montreal

New strategies, restructuring and changes at the top have reversed a three-year slide in sales at Moore, tbe Toronto-based international business forms and information services group.

Third-quarter net profit was US$30.5m, or 31 cents a sbare, on sales of $584m, against US$16.5m, or 17 cents, on sales of $566m a year earlier.

Moore has changed its traditional forms operations towards electronic-based systems, direct mail and labelling. It has eliminated 1,500 jobs worldwide.

Nine-month net profit was US$82.2m, or 83 cents a share, against US$60.6m, or 61 cents.

هكذا من الأصل

Thailand aims to set up futures exchange

By Peter Montagnon and Victor Mallet in Bangkok

Thailand's Securities and Exchange Commission wants to see a financial futures exchange established in Bangkok to complement the development of domestic equity and debt markets, a senior official said.

Mr Prasarn Trairatvorakul, deputy secretary-general, said a report commissioned by the SEC from the US consultants Powers Research recommended the introduction of derivatives as a means of aiding capital formation, improving efficiency in the allocation of savings and strengthening the financial system.

Legislation has been drafted and is being studied by US regulatory authorities and the International Finance Corporation, the private-sector arm of the World Bank, he said. The hard task now was to convince the government against a backdrop of international concern over the use of derivatives and the losses incurred in this area by large companies such as Procter and Gamble.

While brokers expect the exchange to be set up within a couple of years, they say an awkward precondition, which is flagged in the consultants' report, is the need for the government to legitimise short-selling of equities in the cash market. At present this is banned as part of official efforts to prevent artificial manipulation of prices.

Unless the government goes ahead, however, derivative markets for Thai financial instruments will simply be established offshore. Indeed, brokers are already working on such products.

The report said a stock index contract should be the first product developed, followed by a short-term interest rate contract and foreign exchange contracts for the D-Mark and yen against the baht.

A long-term bond contract should only be introduced after the cash market is more fully established, it said.

Mr Prasarn said that the futures market would enable institutions to hedge their positions, adding depth to the cash markets.

The consultants' report called, however, for a strong self-regulatory approach, coupled with "a broad and robust training and educational programme" for all participants. It would help the exchange if its products were declared eligible investments by regulators abroad, especially in the US and Europe, it said.

Komatsu steps up its foreign shopping spree

The Japanese group is increasing its imports of components, writes Andrew Baxter

It may be unpalatable for many Japanese manufacturers to import components, but such a move has become increasingly attractive because of the strong yen and relatively high labour costs at home.

Ending a relationship with a domestic supplier can be "difficult to handle," says Mr Kazuhiro Aoyagi, president of Komatsu Europe International, the Brussels-based European coordination centre for Japan's largest construction equipment group.

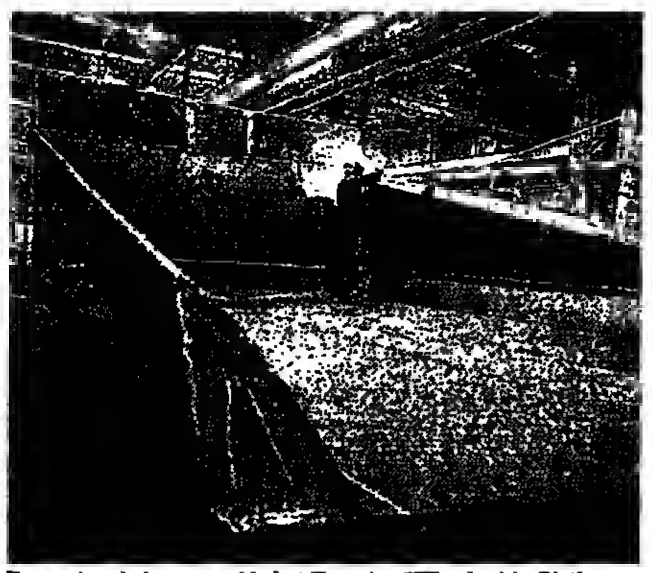
But in spite of such difficulties Mr Aoyagi believes that it is inevitable that the purchase of foreign components will increase. Komatsu is well placed to spread its net wide. He notes that Komatsu imported Y7.4bn ($77m) of parts to Japan last year, accounting for 3.4 per cent of its total procurement for construction equipment. In the current financial year, this will rise to 4.95 per cent.

The targets for 1995 and 1996 are 8 per cent and 10.7 per cent, respectively, he says.

Komatsu is keen to bolster the competitiveness of its five domestic manufacturing plants for construction equipment and so protect its dominant position in the Japanese market and make it easier to export.

To achieve this, it aims to use the supply network set up as part of its global expansion over the past two decades. That network has already been used to good effect.

The group's foreign plants have been given considerable



Excavators being assembled at Komatsu UK'a plant in Birtley

flexibility to make their own arrangements for parts, since only vital components are produced according to Komatsu drawings.

Furthermore, local content agreements have obliged the company to develop links with parts suppliers in Europe, the Americas and Asia. At Komatsu UK in Birtley, north-east England, between 70 per cent and 80 per cent of each excavator is sourced "locally", that is in the UK or continental Europe.

In the past two years, Komatsu has been increasingly importing into Japan parts made by or for its foreign manufacturing plants. This began in 1983 with imports of cast steel parts from Komatsu do Brasil. Four years later, Korea's Samsung Heavy Industries began shipping cast steel parts to Komatsu - using manufacturing facilities it hsd bought from Komatsu's Osaka plant.

In 1990, new plants were set up in Indonesia enabling Komatsu to import casting and fabricated components from Komatsu Indonesia, while a joint venture two years later with Hokuriku United Forging Industry in Indonesia saw the beginning of imports of forgings for undercarriages. The aim of these initiatives was to take advantage of lower costs in Japan's neighbouring countries, says Mr Aoyagi.

Also in 1992, undercarriage parts from Berco of Italy became the first European componeots to be imported to Komatsu in Japan. Berco had been supplying replacement parts for Komatsu's European distribution network.

This year, the Japanese factories began taking seats and floor mats from Kah and T-Mat, two UK companies which supply the Birtley plant, and started importing hydraulic hoses from Gates in the US, a supplier to Komatsu Dresser, a US unit.

Imports of sheet metal and fabricated parts from China will double next year, says Mr Aoyagi, and there will he a hig increase of parts from Cummins Engine of the US to produce its engines in Japan – an important element of the two companies' business alliance announced last year.

For its Japanese plants, Komatsu will mainly source castings and fabrications from Asian countries because of their low labour and transportation costs, and the relatively lower production technology needed. More sophisticated machined components will be sourced mainly from the US and Europe. Mr Aoyagi says that one possibility would be to export wheeled-loader transmissions and axles produced by its Hanomag subsidiary in Germany to Japan and the US.

Direct export of parts from eastern Europe to Japan is unlikely because of high transport costs. However, Komatsu would benefit indirectly from eastern Europe's low labour rates because of the network of suppliers Hanomag has developed in countries such as Hungary and the Czech Republic.

The procurement initiative is an important element in Komatsu's broad globalisatioo policy, which involves producing machines and sourcing components where it makes best sense to do so, while minimising new investment oo manufacturing facilities.

Inevitahly, this has meant that complete machines – articulated dumptrucks from Norway and hig all-terrain cranes from Germany - are being imported into Japan.

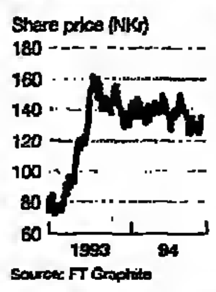
Productioo of other models has been switched from Japan to plants in their main markets, from which they can he exported worldwide. In the most recent changes, announced last year, production of big dozer-tractors and wheeled loaders has moved to the US, and that of small crawler-tractors to Brazil to serve the US and South American market. Making big excavators (over 30 tonnes) at Birtley is also under review.

The result is that Komatsu's highly capital-intensive Japanese plants accounted for only 89.4 per ceot of its global construction equipment sales last year, down from 98.9 per cent a decade ago.

Komatsu will not say how much mooey it is saving hy importing components to Japan. Mr Aoyagi says in each case it takes three to four years to calculate the benefits. But doubtlessly It will expect to reduce the cost of the component by increasing the volume – wherever it does its shopping.

NEWS DIGEST

Norway shipowner wins full control of Wilhelmsen Lines



Wilhelm Wilhelmsen, one of Norway's largest shipowners, disclosed yesterday that it had paid $47.2m to gain full control of Wilhelmsen Lines, a leading operator of deep saa roll-on roll-off vessels, in which it held a 70 per cent shareholding, writes Karen Fossli in Oslo. "The acquisition confirms the gronp's strategy to concentrate on international liner trade as its core husiness," said Mr Leif Terje Loddesol, chief executive.

The two Finnish sellers, which each disposed of a 15 per cent stake in the company, are Hollming Oy Shipping and Wicoria Oy.

The terms of the deal call for the Norwegian shipowner to pay $41.9m in cash for 30 per cent of Wilhelmsen Lines, and gives the sellers an option from January to March next year to each acquire 275,000 class B Wilhelm Wilhelmsen shares. Should the option not be taken up hy March 31, Wilhelm Wilhelmsen will complete the transaction hy remitting the outstanding $5.3m in cash to Hollming and Wicoria.

Wilhelmsen Lines operates 14 vessels and has subsidiaries throughout the world. In 1993 operating profit was NKr224m (US$34.5m) on revenue of NKr2.7bn.

Aon Corp plans to buy Lloyd's brokerage

Aon Corporation, the US insurance group, yesterday announced plans to acquire Jenner Fenton Slade, a privately-held Lloyd's hrokerage company, writes Ralph Atkins, Insurance Correspondent.

The cost of the transaction, which is expected to be completed later this month, was not revealed.

Mr Patrick Ryan, chairman of Aon, said Jenner Fenton Slade's expertise in placing coverage for companies in the energy and petrochemical industries was "strategically very important" for his group.

In 1993, Jenner Fenton Slade reported pretax profits of £6.3m ($9.95m) on turnover of £23.2m.

Peugeot sales up 14.2% after nine months

Peugeot Citroën, the French carmaker, reported group turnover up 14.2 per cent to FFr121.7bn ($23.8bn) in the nine months to September 30, compared with the same period last year, reports Andrew Jack in Paris.

The increase came in spite of a slower rise in demand for cars in western Europe during the third quarter – up 3.3 per cent compared with 5.7 per cent in the first quarter.

Outside this region, there was a third-quarter increase of 6.4 per cent, or 59,750 vehicles. This was in spite of problems with finance in China and Iran, although there was progressive growth in regions such as Latin America and Asia.

Total vehicle sales in the third quarter rose by 10 per cent, boosting the total figure for the first three quarters to 1.46m.

In addition, the group reported a 37 per cent increase in its mechanical and servicing activities to FFr5.8bn for the first nine months.

Email and Indonesian group in joint venture

Email, the Australian white goods and industrial products company, said yesterday that it was setting up a joint venture with three shareholders of Indonesia's Agro Manunggal group, which owns PT Budidharma, writes Nikki Tait in Sydney.

Budidharma is a large distributor of steel mini-mill products in Indonesia, and this represents Email's first move into the region.

The joint venture company, which will be 60 per cent-owned hy Email's Bisalloy subsidiary and 40 per cent by the Indonesian partners, aims to develop a market in Indonesia for quenched and tempered steel.

This higher-strength steel plate could be used in the construction, defence and heavy mining equipment manufacturing markets.

Initially, the product will be imported from Bisalloy and the joint venture company will act as a distributor.

However, Mr John Hanna, Email's managing director, said the plan was to set up local manufacturing operations once sales of the product had built up.

He forecast that this could happen within two to three years.

Canadian cement maker bounces back to black

St Lawrence Cement, eastern Canada's biggest cement producer, hounced back to profitability in the first nine months on increased volumes and higher prices, writes Robert Gibbens in Montreal. Overheads were kept stable.

Net profit was C$8m (US$6m), or 17 cents a share, against a loss of C$9.9m, or 24 cents, a year earlier, on sales of C$401m, up 10.4 per cent.

Third-quarter profit was C$13m, or 29 cents, against C$4m, or 8 cents, on sales of C$197m, up 13.5 per cent.

St Lawrence recently sold its investment in Philip Environmental, a fast-growing Ontario industrial waste management firm, for C$24m and a cement terminal and aggregate reserves. Debt has been reduced by 15 per cent.

The company, controlled by the Swiss Holderbank group, has five cement plants in Canada and the north-eastern US, as well as a large construction business in Ontario.

INTERNATIONAL CAPITAL MARKETS

US Treasuries slightly firmer in quiet trading

By Lisa Bransten in New York and Conner Middelmann in London

US Treasury prices were slightly firmer in quiet trading yesterday morning as the market calmed down following an extremely volatile Wednesday that saw yields flirt with 2½-year highs.

By midday the benchmark 30-year government bond was up $\frac{1}{32}$ at 93$\frac{5}{16}$, yielding 8.090 per cent.

At the short end of the market, the two-year note was also $\frac{1}{32}$ higher, at 99.26, to yield 6.960 per cent. Trading was light as investors awaited important figures on US employment, due out today.

Prices dipped slightly in the early morning on stronger than expected figures on single family boma sales, whicb increased by 2.6 per cent in Saptember ovar tha same period last year.

Later in the morning, however, prices bounced back as the Federal Reserve once again stepped in to support the dollar.

News of a drop in jobless claims that was lower than analysts had forecast also contributed to steadiness in the bond markets.

GOVERNMENT BONDS

Claims fell by 3,000 to 321,000 in October, which was good news ahead of today's employment data.

Some analysts are predicting the government's figures will show an increase in October non-farm payroll levels of 300,000, wblcb would ba slightly above recent trends.

If the figures are much stronger, the market fears that tbe Fed will raise interest rates immediately rather than wait for its November 15 open market committee meeting.

The value of ths dollar will continue to he closely watched by bond market traders, who are worried that it may spark inflation and deter foreign buyers from investing in US assets.

The Fed'a actions yesterday helped push the dollar up to Y98.10 by midday.

■ As bond traders continued their tense vigil for today's US jobs data, European government bonds spent most of the day drifting sideways.

Prices staged a late rally when the US Fed stepped into the foreign exchange market to support the dollar, but drifted lower in after-hours trading.

■ German government bonds rallied into the close, supported by the Fed's intervention and a bout of short-covering in the futures pits.

The December bund futures contract on DTB breached psychological resistance at 89.00 to close at 89.07, np 0.31 on the day.

Prices slipped slightly on buoyant manufacturing orders data for Septsmber, but the numbers had no lasting effect on bunds.

Although the figures were much stronger than expected, they were partly distorted by seasonal factors.

Moreover, broken down into its components, the release was "excellent from a hond market view", painting a picture of export and investment-led growth, said Mr Julian Jessop, international economist at Midland Global Markets.

■ French bonds closed higher, buoyed by strength in othsr markets and the successful auction of FFr19.5bn in nine-, 11- and 15-year government bonds.

The paper attracted solid demand, resulting in bid-to-cover ratios of between 1.7 and 2.4, and was broadly distributed, dealers said. The unexpected success of the sale prompted some short-covering in the futures contracts traders had sold before the auction.

■ UK gilts traded roughly in line witb most other European markets, witb traders reporting thin cash activity. The long gilt futures contract on Liffe closed at 100$\frac{4}{16}$, up ⅛.

Prices – especially among shorter-dated stock – rose early in the day on waning fears of an imminent interest rate increase.

Dealers were relieved that the Bank of England did not signal a change in landing rates at its opan-market operstlons following yesterday's meeting between Mr Eddie George, the governor of the Bank of England, and Mr Kenneth Clarke, the chancellor of the exchequer.

However, given that the last base rate increase came five days after their meeting, dealers said they would remain cautious, especially ahead of today's crucial US data.

■ Swedisb bonds took another hit from the first opinion poll on European Union membership showing a majority of "no" votes. Bonds, which have been discounting a "yes" victory, fell sharply, with tha yield on the new 11-year issue jumping by 24 basis points to 11.43 per cent.

Cedel to settle Russian oil shares

By Richard Lapper

International trading in the shares of JSC Rosneftegazstroy (RNGS), Russia's giant oil and gas construction company, is set to begin on Monday following the successful privats placement of some $25.5m of the company's equity with international investors.

The shares have been issued by a RNGS holding company based in Cyprus, which in turn holds RNGS's equity. The structure has been adopted to avoid the difficulties associated with share settlement in Russia, functioning in the same way as a system based on American or global depositary receipts, paper which represents underlying equity.

The paper, equal to 3.7 per cent of RNGS's equity, has been distribnted by Rhône Finance of Genava and ICE Securities, a London broker which specialises in Italian and central European markets.

Settlement will be available hy Cedel, the European share clearing system.

"This is the first time that international Investors have been able to make settlement in Russian equities outside of Russia," said Mr Chris Woodgate, of ICE Securities.

Under the terms of the placement the shares carry a fixed 8 per cent annual US dollar dividend payable half-yearly and premium redemption rights by way of a put.

RNGS, which has agreed to allow up to 10 per cent of its equity to be issued to foreign investors, is one of a number of Russian companies seeking to raise capital on the international markets.

Gazprom, the country's gas company, could raise several billion dollars if its plans to issue global depositary receipts, currently scheduled for 1995, are snccessful. Gazprom is seeking to sell 9 per cent of its equity.

Strong demand for DM300m 10-year offer from the IADB

By Martin Brice and Richard Lapper

The euromarkets saw few issues yesterday, continuing the trend of recent weeks.

The Inter-American Development Bank brought a DM300m 10-year deal which lead manager Deutsche Bank Frankfurt said was launched at 2.30pm and when syndicate broke 20 minutes later held steady at 20 basis points over the government bond.

Deutsche also said this was the first time the IADB had brought a deal using the fixed-price re-offer system, and the first time it had used competitive negotiation to decide on a lead manager.

Demand was good, witb 30 per cent coming from Germany, 20 per cent from Swiss retail, 5 per cent from Asia and the rest from the UK and the Benelux countries.

Bayerische Hypobank came with a four-year Ecu100m offering via BZW, which followed a five-year Ecu deal last week.

INTERNATIONAL BONDS

BZW said there had been good demand, mostly from retail investors in Europe attracted by the name.

BZW also brought a convertible bond for Teco Electric & Machinery, the Taiwan industrial group, which came at a 3 per cent premium.

BNG came with a Ecu150m deal with a four-year maturity through SBC shortly after the BZW deal for Bayerische Hypobank. SBC, which was yesterday named with Goldman Sachs to handle the Republic of South Africa's global dollar issue likely to come to market early next year, said demand for the BNG deal was strong.

Société Général Acceptance brought a zero-coupon $250m deal with a three-year maturity via Lehman Brothers and Société Générale Strauss Turnbull, which was targeted at European retail demand.

The Instituto Nacional de Industria, Spain's state-owned industrial holding company, is poised to issue a Y30bn bond later this month, providing a furtber boost to tbe popular yen sector.

The issue, part of a $2bn euro medium-term note programme, follows a $150m five-year FRN offering in May and a $650m fixed-rate issue in November.

INI, Spain's largest borrower on the euromarkets after the government, had originally intended to raise Ecu funding but changed tack in the summer.

It expects to raise up to 70 per cent of the funds from Japanese investors and will swap the proceeds into a range of European currencles including pesetas.

Merrill Lyncb and Banco Argentaria de Negocios, tbe investment bank in whicb tbe government has a majorlty stake, will co-lead the issue, with Merrill 8s book-runner.

Maturity is still undecided but the pricing is expected to be tight. INI typically pays between 5 and 10 basis points more than the Kingdom of Spain in tbe euromarkets, a disparity which is due to the smaller size of its borrowing, according to officials.

Only 30 per cent of the Pta700bn debt owed by the INI holding group is held by overseas creditors, with that percentage mucb smaller when all the group's 600 companies are taken into account.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Société Générale Acceptance	250	zero	79.94R	Dec.1997	0.15R	+27(WI 3yr)	Lehman/ Soc.Gén.ST
Teco Electric & Machinery(a)§	100	2.75	100.00	Apr.2004	2.50	-	Barclays de Zoete Wedd
D-MARKS							
Inter-American Dev'ment Bank	300	7.75	99.116R	Dec.2004	0.325R	+20(7½%-04)	Deutsche Bank
ECUS							
BNG(b)	150	8.125	99.77R	Dec.1998	0.225R	+12½(7¼%-98)	Swiss Bank Corp.
Bayerische Hypobank(b,‡)	100	8.25	99.894R	Dec.1998	0.25R	+20(7¼%-98)	Barclays de Zoete Wedd
AUSTRALIAN DOLLARS							
Rabo Australia	75	9.50	101.22	Dec.1996	1.25	-	Swiss Bank Corp.
SWISS FRANCS							
General Electric Capital Corp.	125	5.375	102.35	Dec.1997	1.50	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. R: fixed re-offer price; fees are shown at the re-offer level. a) Conversion price: NT$75.20. FX: 26.055NT$/$. Callable from 16/11/97 subject to 140% hurdle. Conditional redemption price: 171.18%, otherwise par. Greenshoe: $20m. b) Spread relates to French govt Ecu BTAN's. ‡ Long 1st coupon.

Nymex to forge link with Sydney exchange

By Laurie Morse in Chicago

The New York Mercantile Exchange and the Sydney Futures Exchange bave announced a link that will allow Australian futures traders to trade New York's popular oil and energy contracts through an electronic hook-up at non-member rates.

The agreement will put the Nymex's west Texas benchmark intermediate crude futures and options contracts into the Asian time zone for the first time. The electronic link is expected to be operational by September 1995.

The announcement may overshadow a mutual offset agreement being discussed by London's International Petroleum Exchange and another large Asian trading centre, the Singapore International Monetary Exchange.

"The SFE wants to establish itself as a major commodity exchange in the region," said Mr Hosking, chief executive of the SFE. "This is just a beginning."

He said the agreement would not affect a long-term feasibility study his exchange is conducting with tbe Chicago Board of Trade to share trading in government bond futures.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	90.5000	+0.050	10.57	10.45	10.10
Belgium		7.750	10/04	94.7000	-0.030	8.56	8.51	8.59
Canada *		6.500	06/04	83.1000	+0.150	9.19	9.11	8.08
Denmark		7.000	12/04	86.8000	+0.050	9.04	9.00	9.12
France	BTAN	8.000	05/98	101.0000	-0.010	7.64	7.60	7.65
	OAT	5.500	04/04	91.7800	+0.190	8.35	8.32	8.30
Germany Treu		7.500	09/04	98.9900	+0.290	7.64	7.63	7.76
Italy		8.500	08/04	81.1700	+0.440	11.80†	11.56	11.84
Japan	No 119	4.800	06/99	102.8640	-	4.06	4.14	4.04
Japan	No 164	4.100	12/03	96.3220	+0.060	4.66	4.77	4.68
Netherlands		7.250	10/04	97.2000	+0.200	7.66	7.61	7.69
Spain		8.000	05/04	61.1700	+0.020	11.30	11.19	11.27
UK Gilts		8.000	06/99	90-02	+7/32	8.57	8.69	8.68
		8.750	11/04	87-05	+10/32	8.89	8.77	8.88
		8.000	10/08	102-25	+11/32	8.65	8.72	8.79
US Treasury *		7.250	08/04	96-08	-1/32	7.96	7.87	7.75
		7.500	11/24	93-09	-3/32	8.10	8.05	7.95
ECU (French Govt)		6.000	04/04	82.9300	+0.280	8.71	9.70	8.78

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

Prime rate	7¾
Broker loan rate	6½
Fed.funds	4$\frac{13}{16}$
Fed.funds at intervention	-

Treasury Bills and Bond Yields

One month	4.53	Two year	6.96
Two month	5.44	Three year	7.23
Three month	5.24	Five year	7.65
Six month	5.79	10-year	7.86
One year	6.26	30-year	8.10

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	109.24	109.50	+0.20	109.64	108.98	179,694	141,325
Mar	108.48	108.68	+0.20	108.72	108.22	1,663	12,676
Jun	107.66	107.66	+0.20	107.98	107.68	196	1,758

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Nov	Puts Dec	Puts Mar
110	0.59	1.25	-	1.10	2.54	-
111	0.28	0.89	-	1.77	-	-
112	0.12	0.60	0.89	2.60	-	-
113	0.05	-	-	3.53	-	-
114	0.02	0.25	0.47	-	-	-

Est. vol. total, Calls 25,696 Puts 26,406 . Previous day's open int., Calls 274,373 Puts 289,226.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	88.86	89.06	0.24	89.15	88.56	121627	165214
Mar	98.06	88.17	0.13	88.18	87.85	3109	7496

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
8900	0.74	0.64	0.89	1.04	0.66	1.47	1.72	1.87
8950	0.50	0.47	0.70	0.84	0.91	1.80	2.03	2.17
9000	0.32	0.33	0.54	0.67	1.23	2.19	2.37	2.50

Est. vol. total, Calls 13844 Puts 10604. Previous day's open int., Calls 283773 Puts 223697

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.35	100.00	0.65	100.08	99.10	34238	54018
Mar	98.54	99.11	0.51	99.00	98.40	1814	5488

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
10000	0.99	2.03	0.89	2.92
10050	0.72	1.83	1.22	3.22
10100	0.50	1.63	1.50	3.52

Est. vol. total, Calls 1603 Puts 1030. Previous day's open int., Calls 26106 Puts 31755

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF) (Oct 31)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	86.25	86.39	+0.04	86.45	86.00	39,984	77,679
Mar	85.50	85.50	+0.07	85.50	85.50	100	219

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	100-17	100-27	0-10	100-31	100-06	45198	105945
Mar	100-08	100-02	0-11	100-08	100-06	18	52

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
100	1-33	2-26	0-43	2-22
101	0-59	1-59	1-05	2-55
102	0-32	1-32	1-42	3-28

Est. vol. total, Calls 5375 Puts 2677. Previous day's open int., Calls 77541 Puts 47140

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	79.64	79.74	+0.06	79.84	79.46	2,910	6,487

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	97-00	97-03	+0-01	97-06	96-28	508,128	388,605
Mar	96-10	96-14	-	96-17	96-03	5,246	30,220
Jun	95-27	95-28	+0-04	95-31	95-26	836	11,389

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.90			107.92	107.01	1870	0
Mar	107.12			107.12	106.86	233	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Nov 3	Day's change %	Wed Nov 2	Accrued interest	xd adj. ytd		Low coupon yield Nov 3	Nov 2	Yr. ago	Medium coupon yield Nov 3	Nov 2	Yr. ago	High coupon yield Nov 3	Nov 2	Yr. ago
1 Up to 5 years (24)	119.27	+0.22	119.01	1.45	9.83	5 yrs	8.61	8.70	0.11	8.68	8.72	6.33	8.82	8.90	6.45
2 5-15 years (23)	138.35	+0.44	138.22	1.31	11.49	15 yrs	8.55	8.60	7.04	8.68	8.74	7.18	8.92	8.97	7.37
3 Over 15 years (8)	155.62	+0.48	154.85	2.48	10.57	20 yrs	8.51	8.55	7.14	8.66	0.74	7.22	8.81	8.85	7.39
4 Irredeemables (6)	174.19	+0.09	174.03	0.14	13.47	Irred.†	8.60	8.61	7.26						
5 All stocks (61)	135.97	+0.37	135.70	1.55	10.89										

Index-linked							Inflation 5% Nov 3	Nov 2	Yr. ago	Inflation 10% Nov 3	Nov 2	Yr. ago
6 Up to 5 years (2)	185.65	+0.01	185.63	0.44	5.07	Up to 5 yrs	4.07	4.06	2.30	2.92	2.91	1.49
7 Over 5 years (11)	173.19	+0.20	172.83	0.86	4.36	Over 5 yrs	3.87	3.89	3.11	3.69	3.70	2.94
8 All stocks (13)	173.60	+0.18	173.28	0.84	4.41							

Debentures and Loans						5 year yield Nov 3	Nov 2	Yr. ago	15 year yield Nov 3	Nov 2	Yr. ago	25 year yield Nov 3	Nov 2	Yr. ago
9 Debs & Loans (77)	127.27	+0.17	127.06	2.48	9.29	9.72	9.77	7.68	9.67	9.70	8.11	9.62	9.63	8.26

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Nov 3	Nov 2	Nov 1	Oct 31	Oct 28	Yr ago	High*	Low*
Govt. Secs. (UK)	91.45	90.89	91.06	81.04	81.21	102.80	107.04	89.54
Fixed Interest	107.82	107.58	107.84	107.74	107.31	124.01	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27
Gilt Edged bargains	87.3	78.6	80.2	72.7	81.1
5-day average	80.0	80.8	82.6	79.8	83.4

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on November 3

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	87⅝	87⅞		8.60
Alberta Province 7⅝ 98	1000	98	98¼		7.93
[illegible]					
United Kingdom 7⅛ 97	5500	100¾	101	-⅛	6.84
Volkswagen Intl Fin 7 00	1000	93½	94	-⅛	8.07
World Bank 0 15	2000	20	20¼		7.91
[illegible]					
Abbey Natl Treasury 3 03 £	1000	91⅛	91½		9.57
Alliance Leics 11⅞ 97 £	100	105⅝	106¼		8.68
British Land 8⅞ 23 £	150	87⅞	88⅜	+⅛	10.44
[illegible]					

STRAIGHT BONDS: [illegible]
FLOATING RATE NOTES: [illegible]
CONVERTIBLE BONDS: [illegible]

© The Financial Times Ltd., 1994. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by International Securities Market Association.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
[illegible]						

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
[illegible]						

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Tiny Rowland goes quietly from the helm of Lonrho after 33 years of unashamed controversy and a famous series of fights

A maverick who thumbed his nose at respectability and establishment

John Plender and **David Wighton** chart a career which led from Paddington station to an international business turning over more than £5bn

After 33 years' fighting opponents inside and outside Lonrho it always seemed unlikely that Mr Tiny Rowland would go quietly.

However maintaining his reputation for unpredictability to the last, he appears finally to have agreed to do just that.

He once said that the last thing he wanted was for Lonrho to be respectable but he has at last succumbed to the forces thet want to make it so.

Born Roland Walter Fuhrhop, of a German father and Anglo-Dutch mother, Mr Rowland is a natural outsider and maverick. He has never been accepted by the UK business or political establishment and seemed to enjoy his controversial reputation.

In 1973 when Edward Heath, then Prime Minister, famously described him as "the unacceptable face of capitalism" be replied that he would not want to be the acceptable face.

Educated first in Germany, then briefly in England, he was detained on the Isle of Man during second world war, when he was suspected of Nazi sympathies. His experiences after the war, which included compulsory employment as a porter at Paddington station in London, as well as business ventures in which he fell foul of the Inland Revenue, were not designed to endear him to his adopted country.

In his early thirties Africa provided an opportunity for a new start. Yet, bere too, be met with a mixed reception. When he acquired effective control of Lonrho in 1961, he did so in the face of considerable hostility from the Rhodesian establishment.

Just over ten years later came the notorious boardroom power struggle, which caused the outburst from Mr Heath, in which Sir Basil Smallpeice and a group of directors known as the "straight eight" sought without success to unseat him from executive office.

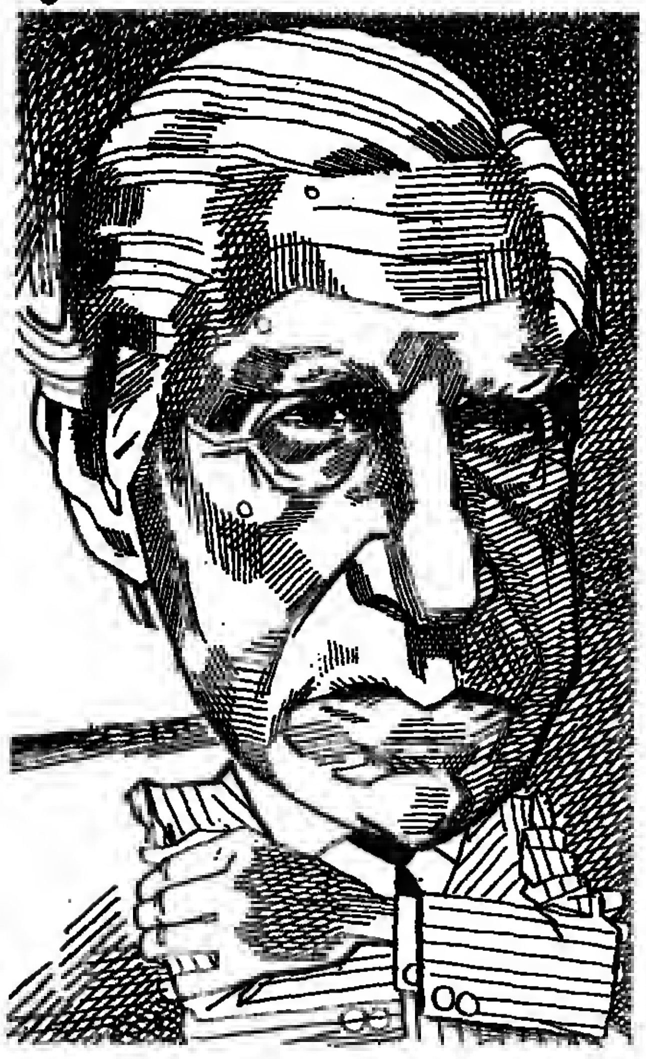
The pretext was Mr Rowland's failure to reveal to his board the granting of options to Mr Alan Ballo, the chair-

During the 1980s Mr Rowland became increasingly distracted by an obsessive and ruthless pursuit of those he perceived to be his enemies

man, and Mr Angus Ogilvy, executive director and husband of Princess Alexandra. Mr Ogilvy had been instrumental in introducing Rowland to Lonrho. Part of the effect of the granting of options was to reduce the two men'a ability to act independently of Mr Rowland. While Mr Rowland ultimately won the vicious battle for control with the support of small shareholders, he lost Mr Ogilvy, who resigned from the board. He also alienated most of the City and the wider British establishment.

He has never been squeamish about upsetting public opinion either. Most recently, he sold a stake in Lonrho's hotel chain to the Libyan government which was subject to United Nations sanctions following the Lockerbie bombing.

In an article in The Observer, then owned by Lonrho, he declared that he hoped to give "a lot of enjoyable annoyance to everybody".



During the 1980s Rowland became increasingly distracted by an obsessive and ruthless pursuit of those he perceived to be his enemies. When Mr Alan Bond had the temerity to plan a takeover bid for Lonrho Mr Rowland ruthlessly exposed the Australian entrepreneur's shaky finances.

However Mr Rowland's main adversary was the Egyptionborn Mr Mohamed Fayed, a former director of Lonrho, who with his two brothers had acquired in the mid-1980s the House of Fraser stores group, owner of Harrods, which Mr Rowland had long coveted.

In 1977, Mr Rowland first drew up a plan to take over House of Fraser. Four years later he made a £226m bid which was blocked by the Monopolies and Mergers Commission on the grounds that it was against the public interest.

In 1984 Lonrho sold its Fraser shares to the Fayeds who Lonrho believed were "neither qualified nor capable" of bidding for the whole. However they gained control with a £615m bid which became the subject of a highly critical Department of Trade and Industry report and prompted years of legal wrangling.

In the vendetta against the Fayed brothers Lonrho's casb was shamelessly diverted to the cause weakening finances already stretched by years of acquisitions. Mr Rowland built Lonrho from a turnover of £4m in 1961 to a group with sales of more than £5bn and profits at their peak of £272m.

Yet from the shareholders' point of view the lucrative period was chiefly confined to the 1960s. This was despite the disadvantage of a heavy concentration of mining assets in Southern Rhodesia at the time of Ian Smith's Unilateral Declaration of Independence.

Mr Rowland attracted a strong following of loyal private shareholders with whom he kept sweet by paying, what were to turn out to be, unsustainably high dividends. When he was finally forced to cut the dividend last year he may have sown the seeds of his eventual departure.

In a characteristically capricious move Mr Rowland suddenly made peace with Mr Fayed a year ago. By then Mr Rowland was also fighting an internal battle with Mr Dieter Bock.

A little known German property dealer, Mr Bock was brought into Lonrho by Mr Rowland as heir apparent, but relations quickly turned sour.

Before long Mr Rowland was attacking Mr Bock in public. Last October he said:"I'm still waiting for some performance from him. So far he hasn't delivered a stroke of business. Frankly, he hasn't a clue."

Mr Rowland also questioned the financial backing which enabled Mr Bock to acquired his 18.8 per cent stake in the company. But in the end Mr Rowland was outmanoeuvred.

One of the most flattering verdicts on Mr Rowland was delivered in the first and most weighty of the Department of Trade's successive reports on Lonrho. According to the DTI inspectors he was a man who had "vision, negotiating ability, determination and personality in unusual measure with unbounded energy to apply his talents".

Although, at 76, that energy is still all too evident he will soon have to now have to find new uses for it.

Tiny Rowland smiling in defeat after Lonrho failed in its attempt to take over the House of Fraser – then chaired by Sir Hugh Fraser

More sbort-lived smiles over Harrods: making peace with Mohamed Fayed in the London store's food hall

Heading for the exit, shadowed by Dieter Bock

Out of Africa and into battle

Nov 27 1917: Born Roland Walter Fuhrhop, in India; edncated at Churchers pnblic school, Petersfield.
1948: Left for Africa.
1961: Invited to run London & Rhodesian Mining & Land Company, became Lonrho.
1973: Described by Edward Heath as "the nnacceptable face of capitalism."
1973: Boardroom revolt; Rowland fights dismissal via High Court, becomes sole MD.
1977-78: Lonrho builds 29.9 per cent stake in House of Fraser.
1981: Lonrho's £226m bid for HoF blocked by MMC.
1984: Lonrho sells its stake to the Fayed brothers, but buys new stake of 6.3 per cent.
1985: Fayeds bid £615m for HoF.
1987-88: DTI inspectors investigate takeover, report passed to Serious Fraud Office.
1990: DTI pnblisbes highly critical report, which forms basis for Lonrho's legal attacks.
1991-92: Bank of England strips Fayeds of control of Harrods Bank;Takeover Panel censures Fayed brothers.
1993: Fayeds float HoF stores, but not Harrods.
Jan 1993: Dieter Bock becomes Lonrho's biggest shareholder.
Feb 1993: Bock appointed joint chief executive.
Oct 1993: Non-executive directors appointed.
Sep 1994: Rowland wins fight to stay as Lonrho joint CEO.
Nov 1994: Rowland resigns.

Kwik Save 'comfortable' with £135.6m at year-end

By Paul Taylor

Kwik Save, the UK's biggest discount grocery retailer, reported a better than expected 7.5 per cent increase in full-year pre-tax profits despite the supermarket price war.

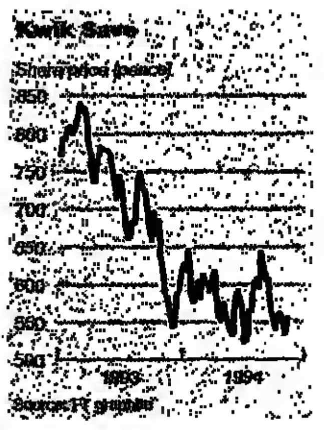
However the group, which also announced the planned acquisition of Shoprite's mainly Scottish storas, acknowledged lower like-for-like sales in tha first eight weeks of the current year.

Pre-tax profits for the 52 weeks to August 27 increased to £135.6m, compared with £126.3m last time, on turnover that grew 5.7 per cent to £3.02bn (£2.86bn).

Mr Graeme Bowler, Kwik Save'a chief executive, said the group had continued to make steady progress "in a period when the UK food retailing industry experienced the most competitive trading conditions for many years".

Mr Bowler brushed aside concerns that Kwik Save faces growing competition from the limited range price discounters on one side and the superstore chains on the other. "If this is being squeezed," he said, "then I am comfortable with it."

The growth in full-year sales mainly reflected the opening of 70 new stores during the year, taking the total to 861. Volumes rose just 1.3 per cent but the combined effects of lower grocery prices and customers trading down meant net like-for-like sales fell 0.3 per cent.



Highlighting the continued difficult trading conditions, Mr Derek Pretty, finance director, said that in the eight weeks following August 27 total sales rose by just 2 per cent.

Like-for-like volumes, including the effects of trading down, were 2 per cent lower. This, together with selling price deflation of over 3 per cent, meant the like-for-like sales valua was down by more than 5 per cent.

Even so, Mr Bowler insisted that "underlying volumes are pretty solid".

For the full year gross margins improved by 0.1 per cent, mainly reflecting a better margin mix and improved buying-in prices. Group operating profits increased 7.3 per cent to £135.5m (£126.3m), despite a 25 per cent increase in depreciation charges to £39.6m, which reflected the introduction of a provision for depreciation on freehold and leasebold property.

Rental income from concessions within Kwik Save stores selling fresh foods increased by 15.6 per cent to £23.7m, while net interest costs were little changed at £100,000 (£200,000).

Group capital expenditure for tha year was £100.3m (£103.2m). New store development continuing to account for the bulk of this spending and is projected to rise to £115m this year. Despite competitive trading conditions, Mr Bower said the group would continue its aggressive store-opening programme, with the target of adding another 80 stores this year.

Earnings per share increased 3.2 per to 57.29p (55.49p), held back by a higher effective tax charge which increased from 32.1 to 34.7 per cent. The recommended final dividend is 13.85p (12.9p), bringing the total for the year to 19.25p (18.3p), up 5.2 per cent.

£27m buy for Jarvis Porter

By Richard Wolffe

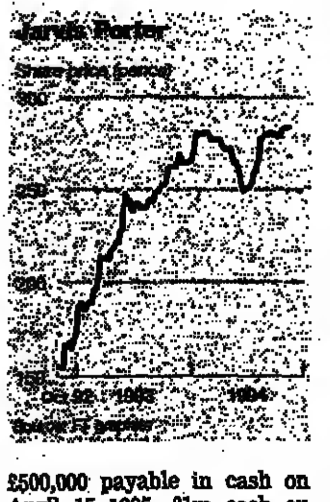
Jarvis Porter Group, the specialist label printer, yesterday announced a £27.2m acquisition alongside a 37 per cent increase in pre-tax profits in the six months to August 31.

Jarvis is to acquire Donprint, tha Glasgow-based labal printer which specialises in "intelligent" or barcoded labels used in the computer and electronics industries.

The consideration will be £24.7m, of which £13.7m will be financed through a placing of 5.17m shares at 265p each with a 3-for-23 clawback, £5m through tha issue of 1.89m shares to the vendors, and £6m in cash. The shares closed up 1p to 283p.

The cash will come from the company's own resources and existing banking facilities.

There will be a deferred balance of up to £2.5m comprising



£500,000 payable in cash on April 15 1995, £1m cash on August 7 1995, and up to £1m to be satisfied by the allotment of further ordinary shares to the Donprint Employee Trust.

Jarvis, which supplies the spirits, toiletries and pharmaceuticals industries, reported interim pre-tax profits of £4.68m (£3.42m).

Turnover rose 19 per cent to £33.4m (£28m), underpinned by a £4.13m contribntion from three Dutch labelling companies acquired in May.

Group operating profits rose to £4.77m (£3.54m), including £838,000 from acquisitions. Margins on continuing operations rose slightly from 12.6 to 13.4 per cent.

Mr Richard Brewster, chief executive, said the group was increasing market share in the current period as its multinational customers reduced the number of smaller suppliers.

Cash flow had been strong, Mr Brewster said, and the group had ended the period with net cash funds of some £1m.

Earnings per share emerged at 8.9p (7p) and the board announced an interim dividend of 1.9p (1.65p).

MMC to investigate Stagecoach shares swap

By James Buxton, Scottish Correspondent

The Department of Trade and Industry yesterday ordered the Monopolies and Mergers Commission to investigate the taking of a 20 per cent stake by Stagecoach Holdings, Britain's biggest bus operator, in Sheffield Mainline Partnership bus company.

It said Mr Jonathan Evans, the corporate affairs minister, considered the acquisition raised competition concerns about the bus market in parts of South Yorkshire, Derbyshire and Nottinghamshire.

Stagecoach agreed in July to swap shares with Sheffield Mainline Partnership, wbicb was established last November through an employee buy-out from local authorities in Sonth Yorkshire. The deal with Stagecoach, worth about £1m, involved the exchange of 20 per cent of Mainline's enlarged equity for 500,000 Stagecoach shares.

At the time Stagecoacb described it as a form of conrtship: if the relationship worked ont, Stagecoacb would eventually seek full control.

An industry analyst interpreted the DTI's action as a aignal to Stagecoach that it wants it to balt its acquisitions of bns companies. It now controls 11.5 per cent of tbe UK bus market.

However, Mr Derek Scott, Stagecoach's finance director, said he saw the MMC reference as concerned purely with Mainline's area of operations.

He said the 20 per cent stake was intended to protect Mainline against other predators. "It's an important development for the industry and we want to get the principle of what we are doing established. We hope the MMC will say we are acting in the public interest". The MMC will report in February.

This will be the fourth MMC inqnlry lnto Stagecoach's activities since it was set np in 1980. The Office of Fair Trading has also carried ont 18 other lnvestigations into Stagecoach subsidiaries.

Last week Mr Brian Wilson, Labour's industry spokesman, wrote to the DTI demanding an inquiry into Stagecoach's allegedly anti-competitive practices.

Sale is likely drugs prescription

Tim Burt considers Boots' plans for its pharmaceuticals side

Boots, the retailing and pharmaceuticals group, is likely to face tough questions oext week on its strategy from an unexpected quarter – its own managers.

Senior staff from the pharmaceuticals division will meet head office executives ostensibly to review the company's first-half performance. But the year-long review of the drugs business is likely to overshadow the proceedings.

Managers conducting the review, prompted by the withdrawal last year of the heart drug Manoplax at a cost of almost £40m, have considered selling the business, launching a joint venture or retaining it in a radically restructured form.

While reluctant to indicate the group's favoured option, Mr Gordon Solway, managing director of Boots Pharmaceuticals, warned yesterday that job losses were inevitable.

"Whatever bappens, there are bound to be redundancies in researcb and development in Nottingham."

In what may be seen as a blow to the city, be added that Boots had not asked potential bidders to maintain a presence in the East Midlands as a condition of any acquisition.

Of the possible options, a disposal has looked increasingly likely in recent months following the group's decision to issue a sales memorandum and hire Credit Suisse First Boston as financial advisers.

BOOTS PHARMACEUTICALS Half-Year Sales

	£m
Prescription	
Brufen/buprofen - anti-inflammatory	37.7
Froben/flurbiprpfen anti-inflammatory	16.4
Prothiaden/dothiepin anti-depressant	9.2
Synthroid ($117.0) - Thyroid replacement	78.2
Total	141.5
Other products*	77.9
BHC	5.2
Total	225.6

	1994	1993
	£m	£m
Licence income total	2.0	13.6
Research and Development	33.1	30.4

* Includes Esberiven (France) at £14.7m

A number of companies have been linked with the division, which offers laboratory and sales expertise in the the UK and a marketing and distribution network in North Amerlca, the world's largest pharmaceuticals market.

Zeneca, Britain's third largest drugs group, is thought to have examined the business, but was put off by the asking price. Medeva has also ruled itself out, leaving analysts' attention focused on continental European bidders.

They have identified three possible suitors: Knoll, part of the German BASF; Menarini of ltaly; and Astra, the Swedish pharmaceuticals group.

Yesterday, however, Astra denied baving any interest while its German and Italian rivals refused to comment.

Nevertheless, a consensus has emerged among City analysts on Boots' long-term intentions. Their scenario envisages the pharmaceuticals business being sold for more than £700m, greatly strengthening the group's cash resources.

Profits on the disposal could help fund a share buy-back, which would reassure investors frustrated by the dilutive effect of the £900m Ward White acquisition in 1989.

Analysts suggest the company might then feel confident enough to acquire an over-the-counter drugs business in continental Europe, preferably in Germany, for about £500m.

Mr Solway said although no decisions had been reached, senior managers in the pharmaceuticals division were under no illusions about the review process.

"They recognise that their prospects are better if we were to change hands and become part of a major pharmaceuticals player."

He denied, however, that the uncertainty over the division had harmed its performance.

Buoyant demand for Synthroid, the treatment for thyroid deficiency, helped lift the division's profits by 71 per cent from £29.2m to £49.8m.

Research spending has also been maintained and sales have risen from £215.5m to £228.1m, although the second half is not expected to be so healthy because wholesalers stocked up in the first half.

Sir James Blyth, chief executive, welcomed the figures. But with most pharmaceuticals companies facing over-capacity in research and stringent regulatory hurdles for new drugs, he admitted there was no choice but to reassess the value of the division.

"We were not alone in having problems and there was no choice but to reconsider our future in pharmaceuticals. But I don't believe we have painted ourselves into a corner."

MMT up 45% to £2.5m and plans full quote

MMT Computing, the USM-quoted compnter services company, lifted pre-tax profits 45 per cent from £1.73m to £2.51m in the year to August 31.

Mr Mike Tilbrook, chairman, said the result was helped by an easing of the tough trading conditions prevalent in the last few years. He said the group's policy of working primarily for blue chip and household name clients was the right one.

He added that MMT planned to move to a full quote "in the near future".

Turnover of continuing operations advanced to £10.9m (£7.06m) generating operating profits of £2.22m (£1.1m).

The final dividend is raised to 3.7p (2.75p), making 5.2p (4p) for tbe year, payable from earnings of 13.1p (9p).

Abbey National takes 9.9% stake in Irish Permanent

By Alison Smith

Abbey National, the mortgage lender and banking group, has taken a 9.9 per cent stake in Irisb Permanent, the former building society which converted and floated last month, in a move set to strengthen ties between the two organisations.

Mr Peter Birch, Abbey chief executive, said he believed there was scope for co-operation between the two groups, perhaps in areas such as Treasury operations or shared use of cash dispenser networks.

Mr Roy Douglas, Irish Permanent chief executive, said the move by Abbey was a "vote of confidence."

Welcoming the prospect of co-operation in some areas, he said he saw few opportunities for this in terms of life insurance business: Abbey National owns Scottish Mutual, while in July Irish Permanent bonght Prudential Life of Ireland for £30m cash.

Mr Birch said Abbey intendad to maintain a long-term minority investment in Irish Permanent, and would keep its options open.

Irish legislation says that no organisation can have a stake of more than 10 per cent in a licensed bank without approval from the central bank; and that no one can own more than 15 per cent of a former building society for five years after conversion.

Abbey's stake in Irish Permanent, which has been built np over tbe past week, cost between £15m and £17m overall. On a per share basis the range was between 180p and 220p.

Irish Permanent was Ireland's largest society before its conversion. It is well-placed in the Irish retail financial market, but its cost/income ratio is the highest in the industry in Ireland.

Abbey's move comes against a background of increasing interest in the Irisb banking sector. Both National Westminster Bank and National Australia Bank are known to be bidding for TSB Bank (whicb is not connected with the TSB group in the UK), which is currently state-owned.

COMPANY NEWS: UK

Shares fall 5p on warning that profits will not meet expectations

Robinson splits TransTec roles

By Andrew Bolger

Mr Geoffrey Robinson, the Labour MP who built up the apecialist engineering group TransTec , has split his role as chairman and chief executive with a fellow multimillionaire.

Tha Birmingham-based group's new chief executive is Mr Richard Carr, 41, who last year received a £10m payment from Tomkins for identifying the UK conglomerate's acquisitions in the US.

Mr Robinson, MP for Coventry North West, will continue as non-executive chairman of TransTec, which has suffered recently from recession in the aerospace industry and deferred contracts.

TransTec's ehares, whicb had nearly halved in value from February's peak of 105p, yesterday shed a further 5p to 51p after the group accompanied news of Mr Carr'e appointment with a warning that full-year trading profits would be lower than expected.

Mr Carr, who left Tomkins at the begining of the year, will subscribe for one million new shares at 55p each. He will be granted options over further shares worth £1m at a price to be determined according to the rules of the executive share option schemes.

In addition, he has bean granted further options ovar 500,000 shares, which may be exercised at a price of 140p within the next seven years. Half of these options may be exercised at 130p within the next six years.

Mr Robinson, who had been under pressure from institutional investors to split his roles, said yesterday be was delighted to have secured someone of Mr Carr's quality.

"His experience in running a wide range of industrial businesses under tight financial controls will be invaluable in improving the profitability of TransTec's existing businesses.


Geoffrey Robinson: delighted to secure new chief executive

in due course, his proven track record in acquisitions will enable the group to continue to grow as an international, industrial company."

Mr Carr's annual salary will be £160,000 on a one-year contrect, witb no additional bonuses beyond tbe share options. He led Tomkins to US deals such as the 1988 purchase of Smith & Wesson, the hand gun maker, for $112m (£68m) and its purchase the following year of Murray Ohio, the bicycla manufacturer, for £224m.

Mr Robinson, 56, owns has a 16 per cent stake in TransTec worth £8m at last night's close. Last year his total remuneration was £285,000, including pension contributions.

He said yesterday that his new salary would be set by the remuneration committee, but would drop considerably to reflect his reduced role.

TransTec has made a series of acquisitions in recent years. As well as the aerospace industry, it supplies components to the automotive industry - particularly Ford. In the first six months of the year, the group's pre-tax profits elumped by 46 per cent to £3m on sales of £94m.

Daily Mail Trust buys cable arts channel

By Raymond Snoddy

The Daily Mail and General Trust yesterday expanded its interests in the new media with tbe acquisition of The Performance Channel, an arts channel distribnted on cable television networks in the UK.

The purchase means that by the end of the month the publisher of the Daily Mail will own two cable TV channels. Channel One, e 24-bours a day television oews channel will soon be launcbed, initially in London.

The acquisition of Performance, is part of a £50m Investment to take DMGT into the electronic media.

Sir David English, chairman of Harmsworth Broadcasting, a DMGT division, told a Media Week conference in Brighton yesterday: "We want to expand into TV. We want to have more channels."

Cable is an area where newspapers are free to expand without ownership restrictions. The cable industry is keen to have exclusive channels to differentiete itself from satellite television.

Performance broadcasts a mixture of music. It is availahle to more than 750,000 cable eubscribers as part of the basic tier of channels and is already in profit.

At the conference Mr Eugene Connell, president of Nymex CableComs, the second largest cable operator in the UK, and chairman of tbe Cable Commnnications Association, forecast that cable would have more than 6m viewers in the UK by the turn of the century.

At tbe Royal Television Society on Wednesday evening, Mr Charles Allen, cbief execntive of Granada TV and LWT, promised that his company intended to find a way into the pay television market.

Althongb ITV would remain an important business, Mr Allen predicted that in ten years' time subscription revennes would dwarf both the BBC's licence fee and advertising revennes.

Usborne £13.2m in the red and calls for £6m

By Deborah Hargreaves

Usborne, the grain trading and pig production group, reported pre-tax losses of £13.2m for the year to June 30 against profits of £1.6m in the previous 18 months following a change in the company's year-end.

The company's auditors qualified its accounts because of lack of information on the pig division's stock and fixed assets at the outset of the year.

Usborne's chairman, Lord Parkinson, former cabinet minister, also announced a 4-for-3 rights issue to raise £6m towards paying down debt. The issue is fully underwritten by Thomson Investments, the engineering group, which has a 50.1 per cent stake in the company.

Mr John Aiken, finance director, said that the rights issue will enable Usborne to reduce its gearing levels to close to 50 per cent by June.

Poor trading conditions in the pig division were exacerbated by a loss of management control in pigs a year ago which left the company with insufficient records to provide the auditors with all the information they needed.

Mr Michael Adams, managing director, said: "We don't like the qualification of the results, but it's a reality. We now have every confidence in the new pig management."

Mr Adams is refocusing the company on its core business in grain trading where it made a profit of £963,000 (£2.92m) on turnover of £183m (£269m). He is halving pig numbers to 9,000 to concentrate on a contract to provide the Malton Bacon factory with pigs which runs for another 5½ years.

"There are opportunities in the agribusiness sector which we want to take advantage of," Mr Adams said. The grain business will be expanded with more offices around the country and the company has agreed with Associated British Ports to import and handle fertiliser through a new facility at Southampton Docks.

Turnover amounted to £218m (£312m), with £206m (£186m) from continuing operations. Losses per share emerged at 16.16p against earnings of 2.05p.

The shares rose by ½p yesterday to 6½p.

Seton expands medical products side

By Peter Pearse

On the day it revealed e 27 per cent rise in pre-tax profits, Seton Healthcare is spending £24.6m to strengthen its medical products division.

The expenditure is to be funded by a 1-for-3 rights issue at 285p to raise e net £28.5m. The balance will reduce borrowings from £15m to £11m and gearing from about 80 to about 50 per cent. The shares closed down 18p at 343p.

Seton is acquiring for £13.8m casb a basket of over-tbe-counter medical brands from Napp, a private company.

The brands include: five for the treatment of head lice; Paramol, the first strong analgesic to be allowed to be sold OTC eince Nurofen; J Gollis Browne's, a range of anti-diarrhoeal treatments; and four other assorted brands.

Napp has warranted that its brands had operating profits of £1.5m (£1.4m) on sales of £3.6m (£3.2m) for the eight months to August 31.

For £5m cash, Seton is buying additional rights in perpetuity to the Betadine range of OTC infection control products, It already had the licence for the range on a royalties agreement of 15 per cent for the first five years, jumping to 25 for the next five.

It is also acquiring for £5.8m cash, shares and loan notes, Brevet Hospital Products (UK), a maker of compression therapy products. In 1994 it made trading profits of £755,000 on sales of £2.43m.

Seton's pre-tax profits for the six months to August 31 grew to £4.03m (£3.18m) on turnover up 18 per cent et £26.3m (£22.2m), with the UK accounting for 81 per cent (77 per cent) of that figure.

Organic sales increased 11 per cent, with the balance of the rise coming from three acquisitions for £9.75m.

The sports and leisure divislon made flat profits of £352,000 on turnover up at £3.35m (£2.55m).

Earnings per share rose to 8.9p (7.3p) and the interim dividend is lifted to 2.2p (1.9p).

● **COMMENT**

Seton has been quletly plcking up UK OTC brands from the big boys, which are now concentrating on global brands. And it has proved - witb the 1992 acquisition of Cupal - that it can absorb companies to its edvantage. Its earnings record, at 17 per cent compound e year has been driven by acquisitions, but contains a healthy proportion of organic progress. In the current deal it has therefore stuck with what it knows: it has also pitched the rights price at a reasonable discount to make the decision easy for shareholders. Forecast pre-tax profits for the current year have been lifted to about £11m, giving earnings of 21p and a multiple of just over 16.

Euromoney at £24m and still on the acquisition trail

By Peter Pearse

Pre-tax profits at Euromoney Publications, the acquisltive information group 70 per cent owned by the Daily Mail and General Trust, advanced 36 per cent to £24m in the year to September 30.

The rise from £17.7m was struck on turnover up 67 per cent at £89.9m (£53.7m), to which acquisitions contributed £5m (£4.05m).

Mr Richard Ensor, managing director, said that as well as launching its own magazines Euromoney acquired tbem wbere possible. Euromoney magazine itself, he said, had its best year ever, with higher revenue from both subscriptions and advertisements. He attributed this result to a redesign, new writers and increased pagination, as well as to "commercial banks having a better time".

However, the group also acqulred companles by degrees, Mr Ensor said. This involved buying a 20 to 25 per cent stake tben gradually adding to that holding. He said be boped the flow of acquisitions would "continue at a reasonable rate", adding that the group was particularly interested in acquiring events and database businesses and cross-border businees-to-business publishing.

The core international financial publishing side lifted profits to £11.7m (£9.54m), while the training arm saw an advance to £4.83m (£2.71m). This was helped by the merger of DC Gardner'a banking and management training operations with Euromoney's own.

Profits from seminars and conferences jumped to £2.75m (£662,000), although Mr Ensor warned that the rise was largely due to the elevation of AIG, the seminars business based in Australia, from an associate to a subsidiary. Euromoney now holds 75 per cent of AIC.

In May the group raised some £23m from the placing of 1.25m shares. Under stock exchange rules DMGT was prevented from any take-up and its stake was reduced from 74 to 70 per cent.

Earnings per share grew to 69.38p (56.84p) and a final dividend of 29.5p lifts the total to 42.5p (38p).

Barr & Wallace calls enfranchisement EGM

By Richard Wolffe

The board of Barr & Wallace Arnold Trust, the motor and leisure gronp wbose voting sbarebolders are split by a family fend, yesterday issued details of proposals to enfranchise its non-voting A shares.

The board called an extraordinary general meeting for November 25 to consider its plans to end the company's two-tier share structure.

Ordinary voting sharebolders would be compensated by a one-for-one scrip issue, while the non-voting shares, owned almost entirely by institutions, are enfranchised.

The proposals are opposed by Mr Nicholas and Mr Robert Barr, nephews of Mr Malcolm Barr, the company chairman.

The brothers, who speak for nearly 30 per cent of voting shares, have also called for an EGM to unseat Mr John Parker, chief executive, and Mr Brian Small, finance director.

They are also seeking their uncle's resignation and want to split tbe company's two divisions into stand-alone businesses. Ironically, enfranchisement was one of their own proposals.

Mr Malcolm Barr said: "The board feels it is essential that all shareholders have a vote on the very radical proposals from tha other side. This is especially the case because the other side have said they support enfranchisement."

However, the board's proposal seems likely to fail as it requires 75 per cent of voting shares to proceed.

The brothers claim to have enlisted majority snpport among voting sharebolders for their own proposals. Mr Nicholas Barr said: "Whilst we support enfranchisement in principle, we believe it should only be part of an overall strategy."

A circular on tbe rebel shareholders' EGM is expected to be published today.

Credit Lyonnais recruits Nikko research team

Credit Lyonnais Securities has recruited a five-strong convertible bond and warrant sales team from Nikko Securities Europe as part of its effort to expand its active quantitative research facility.

Mr Michael Kerr-Dineen, chief executive of Credit Lyonnais Securities, said the company was seeking to distinguisb itself in the highly competitive stockbroking market by developing unique quantitative products. "Institutions are becoming much more selective in their use of research."

Credit Lyonnais, whicb recently lost the creators of its key Value and Momentum stock selection model to Robert Fleming Group, said it had already filled those vacancies internally and was continuing on schedule.

Mr Kerr-Dineen has warned Fleming that he will take legal action if the team attempts to re-create the Value and Momentum model.

Financial strength is the issue not competition

Bernard Gray hears Lord Weinstock's VSEL views

Lord Weinstock's view of tbe rigbt future for VSEL, and the Britisb defence industry, could not be more different than John Weston's, the man who runs BAe's defence business.

GEC's managing director believes that the arguments about competition in shipbuilding are nonsense, and that tha talk of wholesale cross-border rationalisation of the European defence industry is naive.

Lord Weinstock argues that wben the Office of Fair Trading looks at each order, they will see that each could only be built by one specialist yard.

"The order for tbe second batch of Trafalgar submarines would always have been huilt at Barrow [VSEL's yard in Cumbria], so there can be no real competition for that contract.

"The other order around is for the last batch of Type 23 frigates for the Royal Navy. Yarrow [GEG's yard on the Clyde] has built nine of the 13 of that class and the prices for these ships are well known, so the Ministry of Defence need have no concerns on tbat score."

In the future, ships are likely to be built on a collaborative basis. "Beyond that is the next generation Horizon frigete, which will not be built until the turn of the century and is an Anglo-French-Italian venture anywey, mucb as you have in BAe's monopoly aircraft business."

If anything, Lord Weinstock contends that the risk is that Barrow run by another company would be tempted to put Yarrow out of business.

"If Barrow had won a large submarine contract to keep it profitable, it might be tempted to buy other contracts and starve its competitors of work. The history of shipbuilding is littered with similar incidents."

At a philosophical level, Lord Weinstock also questions whether effective competition can exist when two potential manufacturers of equipment vie to supply one buyer.

"If, for example, you bave four contracts to parcel out between two bidders A and B, the maximum split you could make is three to A and one to B, regardless of whether B was cheapest bid because otherwise B would be out of work and you would have no future com-


Lord Weinstock: talk of cross-border rationalisation is naive

petition.

"There is no real competition under those circumstances and bidders know that."

On the broader question of bow tbe defence industry should consolidate, he thinks tbat companles in Europe should respond to the rapid rationalisation in the US, and that countries will, and should, want to meintein strong self-sufficient defence industries.

"We have to respond to the changes in America. They are producing giant companles through tbese mergers. Compared to them BAe and GEC's defence operations are minnows. We have to form companies of sufficient size to compete effectively witb them or even to have an effective voice in collaborating with them."

In the art of the possible, Lord Weinstock doee not believe in the option of rationalisation across Europe witb large-scale cross border mergers being impractical. "There will be some smaller deals, sucb as tbe joint venture which we bave formed with Thomson [of France] in sonar, but the larger deals are fraught with difficulty."

What is possible, and desirable, in his view is for Britain to rationalise its defence business. Lord Weinstock has made no secret of his desire to merge BAe's defence business with his defence arm GEC-Marconi.

"We bave mede several attempts to get together with BAe. When GEC bought Yarrow [in 1985] we suggested to BAe that we form a joint naval systems business and we did so again in the last few weeks."

He has also had more recent talks, including well-publicised merger talks last year, and less well-known discussions about a joint bid for VSEL at the beginning of the year. Both came to nothing, but it appears Lord Weinstock's conviction that a merger should happen has grown.

He agrees with BAe's management on at least one point. "Prime contracting [the ability to manage complex programmes with many sub-contractors] is growing into the most important element of defence manufacturing.

"I think that it is vital for the UK to foster a strong capability in defence prime contracting, otherwise we will not be able to huild these complex systems in future. GEG has a very good record in prime contracting, and we want to buy VSEL because we wish to do more of it."

It is in how this prime contracting sbould be done tbat be parts company with BAe.

"For the concept of a prime contractor wbo accepts the risk of managing a project to make sense, then the prime contractor has to be able to bear the cost of e project going wrong.

"Who would you rather take on as a prime contractor, a company with nearly £3bn in the bank and can pay for its own mistakes, or one whicb owes the bank £200m? I know who I would choose."

Lord Weinstock's inference is clear. GEC's strong cash position gives it an enormous asset to bring to the table. BAe's relatively weak financial position undermines its credibility. Bring BAe's longer prime contracting experience together with GEC's financial backing and you have a strong company able to take on the competition.

Short of that the best solution is to increase the amount of prime contracting done by GEC. In Lord Weinstock's view, only be good for the Britisb defence industry. In tbe longer term be still clearly hankars after the ultimate rationalisation linking GEG and BAe to produce one UK super-prime contractor.

"Prime contracting is an important skill. But it is about more than collecting all of your suppliers bills and adding a fat margin to them."

Vickers close to revealing partner for Rolls-Royce

By Andrew Bolger

Vickers, the engineering group, expects to announce e partnership around the end of this year between its Rolls-Royce luxury cars business and another leeding motor manufacturer.

Its shares rose 4p to 183p, bringing the increase to 12 per cent over the past fortnight. Companies specnlatively linked with tbe UK group include the German manufacturers Daimler-Benz and BMW.

Sir Colin Chandler, Vickers' chief executive, told investment managers yesterday: "Looking to the longer term for Rolls-Royce Motor Cars, we all accept that this business will need a partner. A partner who can bring technology, components and support new models in the latter half of the 1990s.

"We expect steady growth in volumes and in particular I am confident we will eventually see improvement in both the US and Japanese markets.

"We have an unrelenting programme to continue to improve efficiency at tbe Crewe site. We will continua to produce new model variants, low-volume and exclusive niche cars. This market can be expected to produce a significant contribution to the overall business performance in the next few years."

Rolls-Royce Motor Cars recently announced that sales were 2.2 per cent ahead at 1,051 vehicles in the third quarter and said this kept it on course for a successful last quarter.

On Demand losses increase

By Richard Wolffe

On Demand Information, the electronic publishing company, yesterday announced an 80 per cent slide in pre-tax losses from £1.45m to £2.62m for the year to July 31.

ODI had been expected to report losses for 18 months after its December flotation as it invested in operational infrastructure for its new products, and demerged its marketing activities. Sbares, which floated at 78p, were unchanged et 102p yesterday.

Staff had increased from 97 to 197 by the end of October.

Group turnover in the 12 months fell by 24 per cent to £14.5m (£19m), however, input from continuing operations advanced to £5.23m (£2.98m). Losses per share emerged at 5.7p (3.9p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Boots	int	5.35	Feb 3	4.9	-	15
Euromoney Pubs	fin	29.5†	Jan 12	27.5	42.5	38
Jarvis Porter	int	1.9†	Jan 12	1.65	-	5.2
Kwik Save	fin	13.5	Jan 12	12.9	19.25	18.3
MMT Computing §	fin	3.7	Jan 9	2.75	5.2	4
Sage	fin	7.26	Feb 24	8.6	10.91	9.92
Saracen Value	int	0.6	Dec 21	-	-	-
Seton	int	2.2	Jan 31	1.9	-	6.5
Smart (J)	fin	6.2	Dec 19	6.2	8.5	8.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

Sage shares up 51p to 656p

By Alan Cane

Shares in Sage Group jumped 51p to 656p after the personal computer accounting software company reported record sales and pre-tax profits and a significant acquisition in the French accounting software market.

The Newcastle-based company is paying £18.7m for Saari, the leader in the French market. Its position is broadly comparable to Sage in the UK.

The deal will be financed, unusually for Sage, by a £20m unsecured five-year loan. There is no earn-out provision, no penalty for early repayment and on a pro forma basis, interest payments are covered eight times.

Saari is Sage's second acquisition in France following the purchase of Ciel in 1992. Ciel sells accounting software at the low end of the market, whereas Saari's products are directed at the small and medium-sized business sector.

Mr David Goldman, Sage chairman, said there were considerable possibilities for rationalisation within Saari to improve margins and profits.

The French company turned over £29.1m last year, but profits were only £1.9m. Its operating margin of 7 per cent compares with 44 per cent for Sage in the UK.

Mr Goldman said Saari employed 110 people in sales and marketing, compared with only 12 for Sage. A new chief executive and finance director are being sought and some £1.5m has been earmarked for restructuring, which is expected to take about 30 months. The French company is expected to make an immediate contribution to profitability.

In the year to September 30, Sage raised pre-tax profits by 48 per cent to £14.3m (£9.66m). Turnover increased 23 per cent at £50.9m (£41.3m), including £22.3m from sales of upgrades, services and other products to existing customers.

Earnings per share advanced to 45.4p (32.5p). The dividend for the year is raised 10 per cent to 10.91p (9.92p) including a final of 7.26p (6.6p).

Net cash at the year end came to £4m after £9m was spent on earlier acquisitions and capital investment.

DacEasy, the principal US subsidiary, raised operating profits by 86 per cent to £2.2m on revenues of £12.9m, demonstrating recovery from problems experienced last year.

● COMMENT

The accounting software business was, Mr Paul Walker, Sage chief executive, said yesterday "very simple." Over the years the company has benefited from a spare, simple approach to management. Its latest acquisition will clearly benefit from this approach. Mr Goldman is justifiably pleased with the price paid – 64 per cent of sales – compared, say, with Microsoft's acquisition of Intuit for six times sales. Sage's one slip – some carelessness over the management of DacEasy in the US – was swiftly corrected and the same mistake is unlikely to be made with Saari. With estimated profits of £17m - £18m this year giving a prospective p/e of between 12 and 13, the shares are very reasonably priced.

Quadrant improvement continues in first half

Quadrant, the photographic and video group, continued to improve in the first half to August 31. On sales from continuing operations up 11 per cent to £25.1m pre-tax profits came to £154,000.

In the previous first half pre-tax profits amounted to £1.02m, because of an exceptional profit of £1.9m related to the disposal of discontinued activities.

In the period under review, the precision engineering and systems division contributed a profit of £333,000 (£85,000 loss) on sales of £6.53m against £2.86m.

Property and investment costs of £114,000 were connected to the group's Coventry office building, which is held for sale.

Elf sells 10% of its Enterprise holding

By Peggy Hollinger and Robert Corzine

Elf Aquitaine, the French oil company, has sold a 10 per cent stake in Enterprise Oil, the UK company which earlier this year failed in its hostile bid for fellow explorer Lasmo.

Elf raised £187.5m from the placing of 50.8m shares at 369p, representing 10.3 per cent of Enterprise. The placing price of 369p compares with an Enterprise share price of 451p before the bid for Lasmo.

The sale was widely expected after Elf's decision earlier this year to re-classify the Enterprise holding as non-core. Elf has set a target for this year of FFr5bn (£590m) from the sale of such assets, as part of a restructuring programme.

Elf continues to hold 12.9 per cent of Enterprise through the joint venture company Elf Enterprise Petroleum. The company said yesterday's sale would not affect the joint venture, which operates three North Sea fields and the Flotta oil terminal in the Orkney Islands. Elf has a two-thirds share in the joint company.

Mr Andrew Shilston, finance director of Enterprise Oil, said: "The disposal of this block of shares should not be interpreted to mean the unravelling of the joint venture. Both Elf and Enterprise are content that it should continue to exist."

Elf Enterprise Petroleum was formed in 1991 to buy out the North Sea assets of Occidental, the US group, for £800m. It was attacked by Lasmo during Enterprise's unsuccessful bid. Lasmo claimed the venture had been "a disastrous investment", with losses of £238m in 1993, debts of £1bn and gearing of more than 200 per cent.

Mr Shilston said Enterprise became aware several weeks ago that Elf intended to place its stake. Under a shareholders' agreement, Elf had to consult Enterprise over the placing and could not sell the shares to any one buyer.

Mr Shilston said he did not know which institutions had taken up the shares.

Celsis settles with sacked chief

By Daniel Green

Tony Martin: settlement could make him a millionaire

One of the more acrimonious corporate sackings in recent years came to a sudden and apparently amicable end yesterday in a deal that will probably make Mr Tony Martin, former chief executive of Celsis, the biotechnology company, a millionaire.

Mr Martin was sacked without compensation in March 1994 on the grounds that he was "ineffectual".

Celsis then sought judicial confirmation that the termination of the contract was lawful. Mr Martin counterclaimed, alleging unfair dismissal and said he would sue for defamation.

All these actions will now be suspended. Celsis will pay Mr Martin £80,000 in a "without prejudice" payment, and a contribution of up to £40,000, which Mr John McKinley, Celsis' lawyer, said would be likely to account for all costs and expenses.

Celsis also agreed, subject to shareholders' approval, to establish and lend sufficient funds to a share option trust for the benefit of unnamed senior staff, which would buy 500,000 shares in the company from Mr Martin at a price of 48p per share.

In addition, Mr Martin will keep 1.3m shares in the company, worth £923,000 at yesterday's closing price of 71p.

Mr Martin felt he had won a moral victory.

Since his departure from Celsis, he has taken up two biotechnology non-executive directorships, one in the US and one in Ireland. He plans to accept a third and said yesterday that he had been offered executive positions.

Cambridge-based Celsis, which specialises in contamination detection equipment, said it "wishes Mr Martin every success in his future endeavours".

It appointed Mr Arthur Holden, from Baxter International of the US, as his replacement in September.

NEWS DIGEST

J Smart down 19% to £1.65m

J Smart (Contractors), the building and public works concern, reported a 19 per cent fall in pre-tax profit to £1.65m for the year to July 31, on sales of £17.2m.

This compared with £2.04m on sales of £12.8m in the previous 12 months.

The dividend for the year is maintained at 8.5p, including a proposed final of 6.2p. Earnings per share fell to 10.02p (13.26p).

Matthew Clark

Matthew Clark, the independent drinks wholesaler which acquired Gaymer, the fortified wine and cider company last month for £109m, has spent £5.1m to buy a further 12.55 per cent of Freetraders Group, a drinks wholesale business.

The purchase, made under the terms of the Freetraders shareholders' agreement struck at the time of the initial acquisition of 74.9 per cent, brings Clark's holding to 87.45 per cent. Clark has the option to acquire the outstanding 12.55 per cent in October 1995.

Enterprise Computer

Enterprise Computer Holdings, which incurred losses of £2m last year and saw revenues fall from £58m to £16.4m after extensive restructuring, said it was still in discussions with its banks over its future.

The company had warned in September that its viability would be in doubt if bankers refused to renew its lines of credit. The company added that its two banks had agreed to extend the company's facilities until the end of December while a range of possibilities for restructuring the company's finances were examined. Enterprise, originally a seller of used mainframe computers, has been repositioning itself in computing services but the change has been more difficult than expected.

Premium U'writing

Premium Underwriting, the investment company which was incorporated in October last year, suffered a pre-tax loss of £63,000 for the 10 months to August 31 1994.

The loss was "significantly less" than forecast in the flotation prospectus because of £32,000 additional interest on the flotation proceeds.

Laporte purchase

Laporte, the speciality chemicals group, has completed the acquisition of the Perchem organoclays business from Akzo Nobel Chemicals of the Netherlands.

The purchase, which is phased over a period, was for "less than £5m", Laporte said.

Under the agreement, Akzo will maintain production at Perchem's site at Littleborough, Lancashire, on behalf of Laporte.

Organoclays are used in cosmetics, solvent-based paints, inks and similar surface coating products and in oil well drilling fluids.

Molyneux expands

Molyneux Estates is paying £3.05m for Hayes Gate House, a 76,000 sq ft office building in west London.

The acquisition will be funded from existing resources and the proceeds of a cash placing of 2.14m new ordinary shares at 70p apiece.

The directors believe the likely sustainable annual rental income of the property will be about £500,000, increasing Molyneux's net rent receivable to some £7.6m a year.

Grafton acquisition

Grafton Group, the Dublin-based builders' merchant, has acquired Lumley & Hunt, a Sussex-based plumbing and heating merchant, for £1.6m in cash and loan notes.

Lumley has an annual turnover of £6.5m and has recently been making losses. The consideration is below asset value.

Schroder Korea

Schroder Korea Fund reported a net asset value of $13.34 per share at the end of the six months to August 31, against $13.13 at the end of the 14 months to February 28.

Total revenue came to $320,000, (£202,532) against $215,000 in the six months to June 30 1993. The net loss increased to $578,000 ($285,000) or on a per share basis 11.56 cents (5.7 cents).

Hanson Industries

Hanson Industries, the US arm of Hanson, has announced a $438m (£277m) capital expenditure programme for its chemical companies over the next three years.

Quantum Chemical's $289m programme will include $115m to increase polyethylene capacity and $93m for ethylene production.

SCM Chemicals will invest $128m, of which $80m will be used to increase titanium dioxide capacity, including extra capacity at its UK factory.

SCM Glidco Organics, which is involved in the aroma and fragrance chemical industry, will invest $21m, including $5.5m for environmental improvements on waste water treatment.

Scottish National

Net asset value per capital share of the Scottish National Trust stood at 42.9p at the September 30 year end, against 94.9p 12 months earlier.

Net revenue amounted to £14m (£14.6m) giving earnings of 7.41p (7.83p) per income share. A maintained final dividend of 2.1p is proposed, making 7.5p for the year. Last year's total of 7.75p included a special dividend of 0.25p.

German Smaller

German Smaller Companies Investment Trust had an undiluted net asset value per ordinary share of 253.5p at the end of the half year to September 30, against 236.8p last time. The figure represents a 2.6 per cent fall since the year-end.

Net revenue for the trust, which is managed by Lloyds Bank Fund Managers, was flat at £303,000, equivalent to earnings per share of 1.68p (1.69p).

German Inv Trust

The net asset value per share of the German Investment Trust stood at 112.1p at the half year ended September 30, against 109.4p 12 months earlier.

The outcome represented a 6.2 per cent decline from its level of 119.5p at the March 31 year end and compared with a 5.4 per decrease in the FT-A World Index for Germany in sterling terms over the period.

Net revenue for the six months amounted to £201,000, up from £137,000 in the comparable period, and earnings came out at 0.51p (0.35p).

Saracen Value Trust

Saracen Value Trust reported net asset value per share of 92.6p at September 30 or 93.8p fully diluted.

For the period from incorporation on November 1, 1993 to the end of September net profits were £344,000 for earnings per share of 0.93p. An interim dividend of 0.6p is declared.

Five Oaks' £9m buy

Five Oaks Investments has bought three retail properties for a total of £9.23m in cash.

These comprise a parade of 10 shops in Rotherham's Cascades shopping centre and two warehouses, one in Bridgwater let to B&Q and the other in Portsmouth leased by WH Smith as a Do It All store. Combined annual rental income is in excess of £756,000.

Ransomes sale

Sears Property Developments has agreed to pay Ransomes £9.75m for 12.3 acres of land at The Sandlings site at Ransomes Europark, Ipswich. The sale is subject to a number of possible retentions, of which the cost to Ransomes will be about £1.2m.

The granting of certain planning permissions is a condition of the sale. If Sears cannot exchange contracts for the sale, and for occupational lettings of 84 per cent of the site, by January 12 1995, it will be entitled to terminate the agreement within four days.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 04.11.94: Pool purchase price £/MWh	Final Prices for Trading on 02.10.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	10.13	9.55	9.55
0100	22.85	9.56	9.55
0130	27.84	10.20	10.20
0200	27.84	23.82	25.60
0230	27.84	23.82	25.60
0300	27.84	23.82	25.60
0330	9.33	23.82	25.60
0400	9.33	10.40	10.40
0430	9.33	10.10	10.10
0500	9.33	10.02	10.02
0530	9.46	10.40	10.40
0600	9.45	10.20	10.20
0630	9.45	10.20	10.20
0700	27.36	26.47	28.25
0730	26.21	16.64	18.47
0800	28.75	26.53	28.46
0830	28.75	32.37	34.35
0900	36.58	32.49	34.51
0930	44.62	32.28	34.28
1000	44.63	32.22	34.17
1030	36.60	26.94	28.86
1100	36.80	26.89	28.80
1130	36.60	26.90	28.80
1200	44.62	26.87	28.78
1230	44.61	34.82	36.69
1300	36.57	26.63	28.48
1330	28.75	26.52	28.31
1400	28.75	24.82	26.60
1430	28.75	24.81	26.59
1500	28.75	24.81	26.59
1530	28.75	24.91	26.58
1600	28.75	10.81	10.81
1630	41.31	24.81	26.59
1700	50.78	24.82	26.60
1730	68.34	24.82	26.60
1800	68.00	24.82	26.61
1830	53.31	34.12	35.93
1900	42.24	34.25	36.09
1930	39.79	34.25	36.09
2000	40.00	34.17	35.98
2030	28.75	34.05	35.83
2100	28.75	17.98	19.75
2130	28.62	16.61	18.38
2200	28.62	16.47	18.25
2230	27.11	16.61	19.38
2300	27.36	16.38	18.15
2330	21.98	16.38	18.15
2400	9.45	10.50	10.90

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £19.88/MWh becomes 1.988p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty four days after the day of trading. Accordingly, due to the possibility of their [illegible]

RECRUITMENT

JOBS: Encouraging open dialogue is the best way to achieve change in a company's structure and its underlying culture

Honesty is the best business policy

Is honesty becoming a hallmark of business? There were two noticeable examples at last week's Institute of Personnel and Development conference.

One involved tbe admission by Paul Preston, president of McDonald's restaurants in the UK, to something of a marketing gaffe. Without any market research, the company launched a cheese, salad and pickle sandwich snack, called a "McPloughman's". It never took off.

The other featured a warning by Sir Brian Pitman, ehief executive of Lloyds Bank, that the shake out from restructuring in the UK banking industry would grow worse before it grew better. Pay axpectations would have to be dampened – a 1 per eent rise equated to 650 lost jobs at Lloyds, ha said.

Sir Brian was laying the message on the line in a way that rarely happened in the past. He argued that top managers needed to be brutally honest with staff and involve them in the process of ehange.

But can managers' accept it when the dialogue is two-way and employees are encouraged to be bonest about them and the company? Preston admitted McDonald's UK management was surprised when it discovered three years ago that staff were less than enamoured with McPloughman's. It was equally surprised when It beard some of tbe adverse comments from customers.

McDonald's discovery, whieh was well beeded, could be a lesson in openness and frank, two-way dialogue for all companies. Jean Boulton, of Hay Management Consultants, suggests saying tbe unsayable – what she calls corporate blaspbeming – can be a useful way to tackle change.

Only by confronting the culture of the organisation, she argues, can anything he done to cbange it. Boulton believes it is the people working for organisations that most inhibit change, even after the need for it has been recognised and processes have heen introduced to bring it about.

"Companies spend enormous amounts of time and money reatrueturing, re-engineering, decentralising, centrallsing. But somehow the people of the organisations slip unscathed through the proeess, hanging on to the same attitudes, behaviours and beliefs they always had," sbe told delegates at a recent Hay client issues coference in London.

Very often tbe only thing that has really changed, observes Boulton, is language. While people might feel comfortable talking about empowerment and eustomer focus, wbat they actually do changes remarkably little.

The prohlem for many, she finds, is that as the strueture of the organIsation and its ways of working change around tbem, people feel less supported and less understood as they find themselves deprived of the Informal methods hy whieh they got their work done.

Their hehaviour is embodied in the culture of the organisation, and only when this is recognised and changed can a real transformation he achieved, she says.

She breaks down culture into four elements – the unconscious, the conscious, the espoused and the unspoken.

Unconscious culture, sbe says, is "probahly the most influential and the hardest for organisations to recognise and handle".

Tbe recent departure of Peter Sherloek as ehief executive at National Freight Corporation seems a classic example of unconscious eulture at work. The company recruited someone it thought it needed but whose way of working, it found afterwards, could not be accommodated by other board members. The existing culture prevailed and Sberlock departed.

Boulton says the conseious aspects – those values, usually positive, that we are aware of – must also be acknowledged.

What she calls espoused culture is what an organisation says it is like. Boulton claims this oftens equates to its ideal rather than what it is really doing.

Boulton gives some examples of unspoken eulture, what she terms the "dark mutterings in the corridor", that need to be brought out into the open if tbings are to change. These include:

- "Everyone knows that the people who get on around here are the ones who don't put their beads above the parapet. Look at Martin. He's always the one that tries to challenge the boss, point out what the prohlems are, hut it doesn't get him anywbere, does it?"
- "They say they want us to take risks but every time you disagree with the boss's pet Idea, that's It."
- "We say we want to reward output and produetivity and eustomer service, but we all know that tecbnical excellenee is what really counts In this engineering eulture. Look at our senior managers. They are our most able engineers hut tbey don't manage anyone. All they're interested in is their own technical work, but they still get promoted."

Are any of these familiar? Boulton argues that only if they are be brought into tbe open can change be achieved.

Boardrooms are sluggish in responding to demands for ebanges to tbe role of non-executive director. This is suggested hy the findings of a survey of company ehairmeu of UK-listed companies, eonducted hy Pro Ned, the non-executive seleetion company, and the Institute of Chartered Accountants.

The independent non-executive as a guardian of accounting and remuoeration standards seems to be a rare animal. Of the 585 ehairmeo surveyed – representing ahout a third of companies listed on the London Stock Exchange – 60 per cent admitted their last non-executive appointment was made through personal eonnections without an objective appraisal of tbe skills required.

Some 41 per cent intended to create more specific arrangements for future appolntmants. These included using a more formal specification, involving more of tbe board in decislon making and appointing a nomination committee.

Most of the chairmen thought fees for non-executives would rise in return for a greater time commitment. A rise of 10 per cent during the next two years was envisaged, and two-thirds of the chairmen anticlpated upward presaure because of the increasing responsihilities of the job.

Where Is the upward pressure coming from? It suggests the sector is a seller's market. Should this be the case wben annual fees paid to non-executive directors are at present between £600 and £1,200 a day?

One prohlem may be that many companies are casting their net for non-executives far too narrowly. They could broaden their search within the husiness arena, or look to areas outside business – the public sector and the professions. Most of all, they could look more favourahly at women.

Surely there is room for hroader-based recruitment if the alternative is yet mora hoardroom pay increases – large rises for executives are finding few champions these days.

Tim Melville-Ross, director general of the Institute of Directors, points out that the few big pay increases that make the headlines mask the more modest aalaries paid to thousands of other directors.

Navertheless, he says, directors need to be more open about their pay awards, and to justify them.

Ha and the institute are working on guidelines that will in effect call for greater disclosure of salaries, closer links between rewards and the long-term financial performance of a company, and greater consideration of whether any rise reflects that granted to other employees.

"There is nothing wrong in substantial rewards for substantial achievement – but there should be no rewards for failure," he says.

Richard Donkin

هكذا من الأصل

Corporate Development Manager

A strategic thinker for a market leader

Nottingham: Excellent Package

The Boots Company is ecknowledged es one ol Britain's leading velue maneged companies. Through organic growth and acquisition, profite Increesed last year to over £450 million and total sales exceeded £4 billion. The global operations contributing to this success are diverse; market leaders In reteiling and OTC healthcare, third perty contract manufacturing, Europe's largest Community Pharmacy Group and e world-wide pharmaceutlcels marketing and research business.

Now we need your business acumen and broad experience to play a substantial role in the developmenl and preparation of Business Unil and Group strategy. You will also help us identify, evaluate and negotiate future etretegic acquisitions and divestments. Working closely with our senior management team and with externel professionals, you will project manage the acquisition/divestmenl process in line with our egreed business plan. Initiative, leteral thinking and e keen aense ol commercial reality will be vital throughout your work.

A graduate, with an accountancy/MBA qualilication, you will already have considerable experience of mergers and acquisitions or strategic planning, and opereting within complex, International, businesa environments. Personal authority, based on analytical expertise and sound experience, plus excellent communication skills are essential to ensure the Immediate cradibility and contribution required. Most importantly we expect you to have the ambition and potential to develop your career to the most senior levels in the organisation.

In return we offer e remuneration package which Includes e eubslential base salary, company cer and prolit releted bonus. Generous benefits Include essistance with relocation, to the attractive clty ol Nottingham, where epproprlete.

If you have the strategic expertise that can make the difference in today'a marketplace, **please write with full personal and career details to: Anne Sempik, Group Personnel, The Boots Company PLC, Head Office, Nottingham NG2 3AA.**

POSITIVE ABOUT DISABLED PEOPLE

THE BOOTS COMPANY

INNENLEITER - Stv. NIEDERLASSUNGLEITER

Lombard North Central PLC

Zweigniederlassung Frankfurt

Wir sind die deutsche Niederlassung eines der führenden Finanzdienstleistungsunternehmen Europas, das der National Westminster Bank Group angehört.

Wir erweitern unsere Aktivitäten in Deutschland und bieten für den Innenleiter und stellvertretenden Niederlassungsleiter eine interessante und herausfordernde Karriere.

Die Schwerpunkte dieser Führungsaufgabe bilden die Verantwortung für das Accounting, die Refinanzierung, das Berichts- und Steuerwesen sowie die Organisation. Sie werden dabei von einem kleinen, leistungsfähigen Team unterstützt und berichten direkt dem Niederlassungsleiter.

Wir suchen einen Bankkaufmann mit mehrjähriger Berufspraxis in den vorgenannten Bereichen. Ein wirtschaftswissenschaftliches Studium sowie Kenntnisse des Treasury-Managements, der englischen und deutschen GAAP wären von Vorteil, sind aber nicht Bedingung. Sichere deutsche Sprachkenntnisse in Wort und Schrift setzen wir jedoch in gleicher Weise voraus wie Einsatzfreude, Eigeninitiative, Durchsetzungsfähigkeit und gutes Kommunikationsverhalten.

Die Stelle ist mit den erforderlichen Kompetenzen ausgestattet und wird den Anforderungen entsprechend dotiert.

Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen mit Gehaltsvorstellung und frühestmöglichem Eintrittstermin an:

Mrs Linda Hill, Personnel Manager, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey RH1 1NP.

Applicants with a disability will be guaranteed an interview provided they are suitably qualified/experienced.

Lombard

BUSINESS FINANCE

A member of the National Westminster Bank group

Lombard - Working to Achieve Equal Opportunities

You're a recent graduate and you're successful.

Now ask yourself this question.

IS IT ENOUGH?

CAPITAL MARKET TRADERS

c£30,000 plus Banking Benefits

You're undet 25 and a recent graduate but already you've achieved a great deal. You could be an accountant or a consultant, an analyst or a trader. You may be a hot-shot in computing or in engineering. Whatever you are, you'll have an unshakeable belief in your ability to do even better.

If you want to make the grade as a dealer in Capital Markets with Chemical Bank, that self-belief really will need to be something special. As one of the world's foremost commercial banks and a recognised leader in foreign exchange, money markets, derivatives and securities trading, we owe out success to the exceptional abilities of our people.

So ask yourself these questions...

- Do you get frustrated because you always feel you could do better?
- Do you thrive on setting yourself tough short term guals?
- Are you driven by a desire to be successful?
- Have you a knack for getting to the core of a problem and acting decisively?
- Have you the courage to back yout decisions un the strength of your intuition?

In any case, rest assuted that we'll put you through some vety demanding tests to establish whethet or not you have the self-confidenee, stamina and numeracy to sueeeed in the uniquely pressurised environment of the Chemical Bank trading floor. If you make it, we will put you through an intensive 3 month training programme leading to a careet where the challenges are extraordinary and the rewards outstanding.

Our minimum requirement is that you have three excellent 'A' levels, a 2:1 degree, and a high level of numeracy. The test is up to you, your ambitions and an unshakeable belief in yourself.

If you're interested please send a copy of your CV, elearly listing your academic, career and personal achievements to out consultants at Moxon Dolphin Kerby, Ref: 4587, 178-202 Great Portland Street, London W1N 6JJ.

Closing date foe applications: 14th November 1994.

CHEMICAL

IBM AS/400 - CARD PROCESSING SERVICE OPERATIONS MANAGER

Hertfordshire - up to £50,000 Plus Benefits

Sema Group is recognised as the market leadet in supply of card processing solutions. The company's strength and expertise in the Payment Systems arena and its existing offerings has now been complemented by the addition of a card and merchant processing system for the IBM AS/400 platform - CARD400.

The Payment Systems Division Is looking for a young, and dynamic Individual to spearhead a growing team dedicated to promoting the new CARD400 service Into Eastern Europe, Middle East, and Africa. We expect this person to have recognised academic qualifications and a broad experience of international product Implementation and support, but, more Importantly, to have the drive to make a significant contribution to the success of the company...and their own future.

Responsibilities Include

Explore new business opportunities In carefully targeted prospects
Build international supplier relationships
Orchestrate joint projects opportunities
Manage all aspects of proposals and bids
Build, manage and expand the support team in line with business growth

The Candidate

Card Processing knowledge an advantage
Possess strong people and communication skills
Demonstrable track record In sales management
Experience of computer systems
Proven ability to manage major development project teams

If you want to be part of this successful group and feel you can offer the above skills, send a full and up to date CV to :-

Richard Swift, Resource Manager, Sema Group, Home Park Estate, Station Road, Kings Langley, Hertfordshire, WD4 8LZ Tel: 0923 270700 Fax: 0923 249472

Closing Date for Applications Is Friday 11th November 1994.

SEMA GROUP

Sema Group employs over 8200 professionals with a turnover of £502m in 1993 and is one of Europe's major consultancy and software engineering companies, serving the world market and with over 30 years' experience in the financial sector.

Leading UK City Institution

European Portfolio Manager

Our long established client, with £7 billion under management, seeks applications from highly rated practitioners for the above post. Essential attributes will include: an in depth knowledge of European equity markets, several years experience of managing European portfolios and a record of good performance. Candidates should be dynamic clear thinkers and have a good degree, preferably IIMR but at least IMC qualifications, and enjoy working in an environment of open debate, friendly teamwork and accountability.

Our client offers competitive salaries and a benefits package comprising: non-contributory pension, company car, private medical and permanent health insurance and a subsidised mortgage.

Please reply with full careet details to Lorraine Mackenzie at the address below and ensure that the envelope is marked clearly with our ref. no. 1013. Envelopes will be forwarded unopen direct to our client, unless you list separately any companies to whom your details should not be forwarded.

BERNARD HODES SELECTION

Birmingham · Bristol · Cardiff · Hertford · Leeds · Manchester · Glasgow · Newcastle

Griffin House, 161 Hammersmith Road, London W6 8BS. (Rec. Cons)

Emerging Markets

Latin America

Morgan Grenfell is one of the leading investment banks in the City with a strong profile both in the UK and internationally. In seeking to expand its Latin American coverage in London an opportunity has arisen for an executive who is able to demonstrate a thorough knowledge of the Latin American capital markets and most specifically the Brazilian markets.

The position will require the successful candidate to identify and develop business opportunities involving equity placements, privatisations and advisory mandates.

Applicants for this position should be graduates and are likely to be already working in this field. In addition they should be able to demonstrate a good level of investment banking expertise and should ideally be fluent in both Spanish and Portuguese.

Remuneration will be highly competitive and includes a significant performance related bonus and other benefits.

MORGAN GRENFELL

Please reply with full career details to:-

Mark Heyes
Morgan Grenfell & Co. Limited
23 Great Winchester Street
London EC2M 2AX

JAPANESE NATIONAL SALESPERSON

Major International Broker seeks a Japanese National Salesperson with 2/3 years experience in the Securities industry. Preferences will be given to candidates who have JGB/Fixed Income debt exposure.

The salary will be commensurate with the successful candidates ability and experience for this challenging role in JGB sales.

Write to Box A2180, Financial Times, One Southwark Bridge, London SE1 9HL

Providence Capitol

Providence Capitol Portfolio Managers Limited is one of the fastest growing asset management companies in the UK, backed by the South Africa Mutual Life Assurance Society Limited ("Old Mutual"). We manage £1.5 billion of assets in a variety of equity, bond, deposit, property, managed and hedge funds.

ASSISTANT FIXED INTEREST MANAGER

In addition to money market exposure, PCPM manages bond investments in excess of £500m in value, including UK gilts and non gilts, international and emerging bond portfolio. We now wish to recruit a high calibre Assistant to the Head of Fixed Interest in order to improve our depth of coverage in these markets.

It is unlikely that a candidate without 5 years relevant experience would be able to make the significant contribution required. Expertise in non-gilts and the money markets would be particularly useful although it is envisaged that the successful applicant will become involved in all areas of bond investment.

Thia is a challenging opportunity to join a highly successful and stable team of investment professionals opereting in a culture which supports individual achievement. We offer a competitive total remuneration package including a significant performance bonus element.

If this sounds like the opportunity for you please write, including a full CV, to

PROVIDENCE CAPITOL

Bob Attridge, Head of Fixed Interest,
Providence Capitol Portfolio Managers Limited,
Providence House, 2 Bartley Way, Hook,
Basingstoke, Hampshire, RG27 9XA.

Senior Manager
Investments, Bahrain

Tax free salary and company bonus plus relocation allowance

Our client is a leading international reinsurance company and one of the world's top 100 reinsurers. The company currently has a substantial investment portfolio comprising bonds, stock and real estate with total assets under management of over USD 400 mio.

The Senior Manager - Investments, will lead a team of four investment professionals responsible for defining investment policy, monitoring investment performance and implementing the appropriate risk reward strategy.

Applicants will be a minimum 32 years old, hold a masters degree with a commercial bias and have at least 7 years experience in investment management. They must have proven skills in investment strategies and portfolio management experience which should include bonds, stock and real estate. Technical skills in currency movements, hedging and trading are fundamental.

For further information, please contact Clare Burtonshaw at The Exchange Consulting Group.

EXCHANGE
Consulting Group

13 St Swithin's Lane, London EC4N 8AL.
Telephone: 071 929 2383. Fax: 071 929 2805.

Interest Rate Options Trader

London **Competitive salary + benefits**

As one of the leading UK merchant banks, we are expanding our Treasury and Derivatives Division and now have a significant opportunity for an Interest Rate Options Trader to assist us in meeting our strategic objectives.

The successful candidate will have a minimum of two years' experience and be currently responsible for trading a book in IROs and swaptions. The ability to work effectively as part of a team, challenge existing practice and introduce fresh ideas are essential characteristics.

For someone able to make an immediate contribution to our success, we offer a competitive salary, full range of benefits and excellent opportunities for career progression.

Please write, enclosing a detailed CV and an indication of your current remuneration package, to: Mr J. Tuke, Director,
Hambros Bank Limited,
Treasury and Derivatives Division,
41 Tower Hill,
London EC3N 4HA.

HAMBROS BANK LIMITED

Deputy Head of Compliance
North of England
National Financial Services Organisation

Our client is an established national financial services organisation which provides a wide range of insurance and investment products. Their strong commitment to compliance has resulted in the development of a high profile compliance department which contributes directly at all levels of the organisation. They now seek to strengthen further the compliance department with the appointment of a deputy head of compliance.

The successful individual will play a key role in the day-to-day management and development of the compliance function. The role will involve reviewing and strengthening compliance systems and procedures throughout the organisation. The successful candidate will assume responsibility for important areas and projects, as well as assisting and deputising for the compliance officer. There will be a particular focus on activities regulated by the Personal Investment Authority.

Candidates must be senior compliance professionals with a good knowledge of LAUTRO/PIA regulations and practical experience of their application within the life assurance industry. Management and leadership skills are essential together with an ability to understand and communicate both compliance and business issues effectively at every level of the organisation. This challenging role offers ample scope for personal development and advancement.

The importance of the role will be reflected in the comprehensive salary and benefits package, including full relocation costs, available for the right candidate.

For an initial discussion, please contact Paul Wilson or Sue Lintern on 071 831 2000, or alternatively write to them, enclosing a detailed CV and quoting reference 206066, at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH. Fax: 071 405 9649.

MP
Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

COMMODITY TRADE FINANCE/ EMERGING MARKETS
Upto c. £50K + Benefits

Our client is a prestigious European bank with a well-established trade finance business. As a result of continuing growth, a requirement has arisen for two professionals to assist in the bank's expansion into India and the Far East.

Candidates should have several years experience in commodity trade finance, with medium/large customers, mainly short-term, (eg. back-to-back L/Cs) as well as specific market knowledge of India and the Far East as they will help originate new business in these areas.

Both individuals should demonstrate excellent communication skills and have an understanding of those local cultures/markets.

Please send your cv in stictest confidence to Michele MacPherson

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259

JONATHAN WREN EXECUTIVE

Asset and Liability Manager
Premier Global Banking Group

City **First rate salary and benefits**

Our client is one of the world's leading financial institutions with a global network of corporate, retail, investment banking and capital markets activities. Because of the size and diversity of business interests, effective Asset & Liability Management is central to the organisation's management process.

It is within this area that a need for an experienced Asset & Liability Manager has been identified, to focus on structural interest rate exposure and liquidity management and to advise on product and portfolio hedging/risk management strategies in support of the commercial banking businesses.

The profile demanded for this key appointment is an exacting one. Probably in your late twenties to mid-thirties, you will be an accountant, ideally ACT qualified, with at least two years capital markets experience.

You will display a thorough understanding of risk management techniques and have practical structural interest rate exposure management and product pricing experience. An accomplished communicator, it is essential that applicants are able to establish credibility at a senior level and personal qualities such as authority, intellectual rigour and diplomacy, first rate analytical and business skills are also prerequisite.

Salary will not be a constraint for the right candidate and will reflect the high calibre candidate we wish to attract. This will be supported by a full range of benefits.

For an initial confidential discussion, interested applicants should contact Karen Gay at Michael Page City, on 071 831 2000 quoting reference 208211. Alternatively, write to her enclosing career/salary details at Page House, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

WORLD RENOWNED US INVESTMENT BANK

Associate

A proactive analytical role, identifying opportunities for the Bank to market a range of products including corporate finance and capital markets.

London **£ Excellent**

Our client is a premier US investment bank. It is a leading player in the major financial markets, including derivatives and all types of specialised financing. The need has arisen to recruit two Associates into an analytical group which manages a number of existing client relationships and supports the marketing of the Bank's products to prospective corporate clients.

The team focuses on major European corporates and is responsible for:

- assessing the overall risks of undertaking business with clients,
- reviewing the structures of existing commitments and ensuring new commitments are executed;
- creating and maintaining relationships with clients;
- identifying potential opportunities for new business.

This involves rigorous analysis of the clients' financials and broader issues such as client strategy, industry developments and economic climate. In addition, the Associates will work closely with senior team members and product specialists to gain a thorough understanding of all the Bank's products and services in order to support the marketing efforts.

The successful candidates will be graduates with a minimum of three years banking experience and a very strong background in corporate analytics. This experience may have been gained in a variety of different areas including corporate finance or credit. Applicants should be highly motivated with a keen desire to learn. These appointments will provide an excellent opportunity to be involved in a variety of complex transactions. Given the high profile, candidates should be committed, professional and have well developed interpersonal skills.

This is an exceptional opportunity for ambitious individuals who are looking for rewarding careers in a dynamic environment. The appointments will involve considerable client contact and a broad exposure across the Bank.

Interested candidates should contact Karina Pietsch on 071 831 2000 or write to her enclosing a full curriculum vitae at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 071 405 9649.

MP
Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

European Industry Specialists

London-based

A unique and unusual opportunity exists to join the Industry Research Department of a highly prestigious investment bank. Our client currently seeks a number of sector specialists to help build first class industry expertise in the utilities, natural resources/mining and oil & gas industries with the goal of identifying superior investment opportunities and generating corporate finance and advisory business for the bank.

Candidates should demonstrate an in-depth knowledge of the relevant sector, gained over several years in industry, banking or related fields, coupled with strong analytical and presentational skills. They will have first class academic qualifications and an energetic, team-orientated and entrepreneurial approach. Languages would be an advantage.

Applicants should send their CV details to:
BG Selection, 1 Founders Court, Lothbury, London EC2R 7HD
Telephone 071-929 7770
Ref: ABL 2/11

Superb opportunity for a young analyst/fund manager to have an influential role in a collegiate environment

Fund Manager UK Equities
Global Fund Management Institution

Our client is one of the largest independent investment management organisations in the world with funds under management in excess of £45 billion. They provide a wide range of products and services in both institutional and retail markets globally. As a result of a re-organisation within their European operation an exceptional opportunity has arisen for a Fund Manager to join the UK equity team.

Reporting to the Head of UK Equities, the individual will be responsible for managing a range of portfolio's and providing both strategic views and analytical support upon sector specialists. The candidate will also frequently attend and contribute to stock and strategy meetings.

Candidates should have between two and four years investment management experience which should ideally include company analysis. The individual will most likely be a numerate graduate and possess good verbal and written communication skills. It is vital that this is combined with an in-depth knowledge of a top-down investment process and a thorough understanding of UK stocks.

This position is an excellent opportunity for a confident, enthusiastic individual who can excel working in a professional, collegiate environment.

Interested applicants should write to **Elizabeth Arthur** or **Paul Wilson** enclosing a curriculum vitae at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.** Fax: 071 405 9649.

MP
Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

The Top Opportunities Section
For Senior Management Appointments
For advertising information call:
Philip Wrigley on +44 71 873 3351

RELATIONSHIP MANAGER

Kuwati Market — *London*

The Citibank Private Bank is one the world's largest and most reputable, offering its clients the full resource of an unparalleled global network. We now seek a highly motivated Kuwati specialist, based in London, to provide advice and support to financially sophisticated Kuwati clients. The objective: to build profit through building effective relationships. The method: there is considerable autonomy to develop and implement your own strategies for success.

While you may not have a background in private banking, you will have a sound knowledge of banking products, proven marketing skills and the ability to communicate effectively. Success will also depend on high levels of self-motivation and integrity.

This is a rare opportunity which demands the skills of an exceptional individual. Consequently, the rewards are high - a generous basic salary will be complemented by a significant performance-related bonus and full banking benefits.

To apply, please write with career details to Jeanne Noble, Senior Personnel Officer, Citibank Private Banking Group, 41 Berkeley Square, London W1X 6NA.

THE CITIBANK PRIVATE BANK

CITIBANK

We are an equal opportunities employer

LEADING EUROPEAN BANK CORPORATE FINANCE ADVISOR

LONDON — £EXCELLENT PACKAGE

Widely acknowledged as one of the world's leading diversified banking groups, our client has an extensive network of international operations. The company provides a broad spectrum of financial services in corporate banking, capital market activities, asset management and corporate finance.

The London advisory department has responsibility for the generation and execution of mergers and acquisitions, primarily cross-border, and other financial advisory work.

The department comprises a highly professional and multi-disciplined team which offers advice to a wide range of companies internationally.

There now exists a need to recruit a further high-calibre individual to work within this international team. The successful candidate will have one of the following backgrounds:

- an existing analyst associate with up to 2 years' relevant experience in a leading investment bank
- a qualified accountant or lawyer with up to 2 years' post qualification experience
- a strategic management consultant or other professional with relevant experience and a strong business qualification

The ideal candidate will relish the challenge of international client contact, exposure to high profile transactions and extensive personal development. Additionally, candidates will have a strong academic background, combined with fluency in both spoken and written English and in at least one other European language.

In return the position carries a highly attractive remuneration package.

This assignment is being handled exclusively by Nicola Will and Simon Hankey (Legal Division) on behalf of **Robert Walters Associates.** For further information please contact them on **071 379 3333** (confidential fax 071 915 8714), or write to them at **25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

COMMERCIAL DEVELOPMENT ANALYST

Acquisitions and Organic Growth

Wholesale Banking — **London**

Our client, a big wholesale bank, is consistently profitable, very ambitious and is looking systematically at how to broaden its base to increase the stream of high quality profits.

From the mini avalanche of ideas being generated, priorities need to be established. Significant profit increases via acquisitions of complementary businesses are likely to precede, and then run in tandem with the rigorous analysis of organic growth ideas which include a number of innovative concepts e.g., wholesale fund management.

Do you have the analytical ability, experience, people skills and commercial acumen to join a small, dedicated team and be a catalyst to work on these ideas; decide what is realistic and achieve the desired results? A 2:1 degree plus an MBA/professional qualification are likely to be prerequisites. Diplomacy, determination and the ability to progress a number of projects simultaneously must be evident.

Intrigued to know more? Then please write in sufficient detail (one page plus) to convince me that you are not a "navel gazer" and that we should talk and/or meet to explore the possibilities.

Kidsons Impey
Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336
Fax: 071-976 1116
UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

KIDSONS IMPEY

Please write to Peter Willingham, quoting reference number 877.

Credit Manager

Our client is a major U.S. based energy company and a leader in its field. Through a strategy of diversification, they are becoming the most innovative provider of energy on a global basis.

The Credit Manager/Europe will be responsible for implementing credit policies and procedures and be proactive in the credit decision process. This ground floor opportunity offering significant potential requires an individual who has 5-10 years experience, with a solid foundation in credit analysis and exposure to derivative products.

Total compensation will be competitive and includes a base salary of up to 75 thousand pounds, significant bonus potential and generous benefit package.

Please write to Box A2189, Financial Times, One Southwark Bridge, London SE1 9HL.

LEADING BUSINESS DEVELOPMENT AMONG CORPORATE AND COMMERCIAL CUSTOMERS

HEADS OF CORPORATE DEVELOPMENT

c£40,000 + CAR + BANKING BENEFITS

READING & NOTTINGHAM

The Royal Bank of Scotland is one of the UK's most dynamic and fast-growing financial services groups. Our stated aim is to be first choice for companies of all sizes which are looking for innovative, business-friendly financial solutions. We are now looking for two high-calibre business developers to spearhead the local growth of our commercial and corporate banking services, one based in Reading and the other in Nottingham.

You will be responsible for leading and developing a multi-disciplinary team dedicated to attracting and developing profitable new business within your region. Your role will involve controlling all local marketing activity, fostering relationships with financial intermediaries and raising the profile and image of the Bank throughout your region. Building and consolidating a network of contacts and leads, you will aim to become a principal point of contact for new and established businesses.

A proven track record of achievement at senior management level is essential, which includes impressive successes in business development activity. Sound technical knowledge of commercial and corporate banking (which includes innovative structuring of funding packages) must be matched by the excellent interpersonal skills and personal credibility necessary to foster constructive relationships with senior decision-makers.

Your contribution to the Bank's growth in this key business area will be recognised and well rewarded. Salary will be supported by a comprehensive range of financial-sector benefits, and relocation may be available. There is excellent scope for career development.

To apply, please send a full cv, including current salary details to: David Thick, Senior Personnel Manager, The Royal Bank of Scotland plc, Regents House, 42 Islington High Street, London N1 8XL stating clearly your preferred location.

The Royal Bank of Scotland
WHERE PEOPLE MATTER
Committed to Equal Opportunities

APPOINTMENTS WANTED

Japanese lady, diplomatic family, *connected top levels of Japanese business* seeks appointment with distinguished London-based financial house. Educated Queen's College, fluent English, Japanese, good French and German. In house marketing experience, and consistent record of achievement since working as p.a. to the late Marquess of Exeter, Tokyo Olympic Games - 1964. Immediate availability, and schedule includes *Christmas visit, Japan. Can build business,* explain cultural differences, and act as eyes and ears of financial partnership and/or CEO.
Phone now: 071 435 8269.

INSTITUTIONAL SALES, STOCKBROKING
Investment Trusts & Closed End Funds

Our client has an internationally respected business in the emerging markets investment trusts and closed end fund sectors, backed by first-class research. *They gain a significant part of their business outside the UK.*

As part of the current development plan, the institutional sales team will be expanded progressively over the next 6 months.

Our ideal is to recruit individuals who are wholly dedicated to selling and receiving commensurately geared financial rewards. The ability to motivate and organise more junior staff is expected as is some sound knowledge of investment trusts, country funds or emerging markets. Of particular interest is direct experience of overseas based and international institutions. Good market rate basic salary plus geared remuneration will be paid.

Kidsons Impey
Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336
Fax: 071-976 1116
UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

KIDSONS IMPEY

Please telephone or write quoting reference no. 876FT, in the strictest confidence, to Gemma Jenkin.

EUROPEAN RELATIONSHIP MANAGER

I/B/E/S are leaders in global investment research and the recognised authority for corporate earnings forecast information.

We seek an enthusiastic, confident, congenial individual, in his or her early 20s, to support and grow our relationships with the investment research community in the UK and Continental Europe.

The successful degree-calibre candidate will have a strong financial background, proven sales ability to the equity investment industry, and a willingness to travel 12-15 weeks per year. Foreign language skills, MBA or CFA study are pluses.

I/B/E/S offers an attractive results-oriented package of basic salary plus commission, as well as excellent career prospects. Please write to:

Asad Sultan,
I/B/E/S (UK) Limited,
PO Box 200,
Cottons Centre,
Hays Lane,
London SE1 2QT.

I/B/E/S (U.K.) LIMITED

Schroders

Outstanding Opportunities in Central and East European Investment Banking

Schroders is one of the world's premier international investment banking groups, with *a highly-successful track record.*

Due to high levels of business, exceptional opportunities have arisen for people experienced in working in Central and Eastern Europe. Schroders' International Finance Division has a well-established position in the region, having completed a number of transactions for Governments and local and Western companies on privatisations, acquisitions and capital raisings. It has a subsidiary in Warsaw and offices in Budapest and Prague.

Candidates are likely to be aged 24-30, with a professional qualification, and to have gained 2-5 years' experience with an international investment bank or accounting firm, some of it in Central or Eastern Europe. Fluency in Hungarian is essential for one of the positions available. The positions are based in London, but you should expect to travel extensively overseas.

Generous remuneration and benefits packages for these challenging roles will be available, commensurate with the candidates' experience and qualifications.

Interested applicants should write, enclosing a brief resumé, to Rachel Harry, **Personnel Department, Schroders, 120 Cheapside, London EC2V 6DS.**

UK LEASE MARKETING

A major bank seeks two marketing orientated graduates aged 28-35 years, who can demonstrate success to date in sourcing structuring UK tax based leasing transactions in the £1M - £15 Million plus range. **Neg £35-£50,000 + Benefits**

SENIOR UK CORPORATE MARKETING

This bank seeks a graduate banker currently employed in a senior business development role within a major bank. Candidates must be aged 35-38 years strongly marketing orientated and have experience of marketing to both top UK and European corporates. **Neg £50-£60,000 + Benefits**

UK CORPORATE LENDER

Graduate ACIB aged 30-35 years with sound credit skills and at least 2/3 years business *development experience ideally covering food breweries sectors.* **To £45,000**

SALES TRADING AND RESEARCH (EUROPEAN EQUITIES)

A European bank seeks two staff ideally experienced in the (i) *Sales/Trading* and (ii) Research of equities (Austrian, Hungarian & Czechoslovakian ideally). Relevant language skills essential in the Research position. **Salaries c£40,000 + Benefits**

Please send detailed CV's to BRIAN GOOCH or EDWIN LAWRIE

OLD BROAD STREET BUREAU
Search & Selection Consultants
65 London Wall, London EC2M 5TU
Tel: 071-588 3991 Fax: 071-588 9012

Fixed Income Analyst

Outstanding opportunity to join one of the world's premier Fixed Income advisors. Research worldwide fixed income and currency markets and assist Portfolio Managers/Senior Relationship Managers in devising innovative ways to communicate investment strategy, portfolio risk, market risk, and the value of active bond management to clients, consultants and prospects. Graduate in finance, economics, or engineering with high degree of computer literacy and knowledge of fixed income markets. Excellent remuneration. London EC3.

Please send CV to Jonathan Jay, Jay Curtis Elliott, 200 Tottenham Court Road, London W1P 9LA.

Jay Curtis Elliott

MANAGER - CASH MANAGEMENT

City — **to c£35,000 + Bonus**

Aged 30/35, of graduate calibre, highly PC proficient and ideally qualified in banking or accountancy, you should have demonstrable ability in the management of operational staff engaged in cash and liquidity management preferably within a large securities house.

Primary responsibilities include ensuring that daily funding/deposit requirements are effected, managing the firm's multi-currency bank accounts and effecting all Treasury payments and receipts, the majority of which pass through SWIFT.

Our client is a major global securities firm with a strong London presence. Cash Management performs a key role within a fast paced Treasury department which is committed to further development of its capabilities. This new appointment arises as a result of the promotion of the present incumbent to whom the position will report.

If you match the profile needed to handle this demanding role, contact Lawrence Lock at CARRINGTON HEATH, City Business Centre, 2 London Wall Buildings, London EC2M 5PP, quoting ref. 149173 Telephone 071 628 4200 Fax 0483 576724

CARRINGTON HEATH
EXECUTIVE SEARCH & SELECTION

Three Consultants Required for Established City Headhunters.

Sheffield International Limited are a specialist international headhunter. We wish to strengthen our team with the recruitment of three additional professionals to specialise in the following sectors for our City based and international financial services clients:-

- *Institutional Equity Research & Sales*
- *Corporate Finance and Banking*
- *Finance, Administration & IT*

Each consultant will have come from a financial services industry background and have had successful professional working experience in the sectors they will be covering. Each will also be a sound, effective and professional business generator as well as capable of executing retained assignment in a successful, thorough and rigorous manner.

Please apply in writing to :-
Sheffield International Limited
Aldermary House
10 - 15 Queen Street

BUSINESSMAN

Professional • Diligent • Adaptable
International Connections
Prepared to assist Managing Director(s) anticipating retirement or semi-retirement.
Box: A2183 Financial Times
One Southwark Bridge, London, SE1 9HL.

L.C.F Edmond de Rothschild Securities Ltd

EQUITY MARKET MAKER

LCF Edmond de Rothschild Securities Ltd, a leading specialist in emerging market country funds, is looking for another market-maker. The successful candidate will be expected to have at least two years experience although these need not have been in emerging markets. He/she will need to be SEAQ and SFA registered and have experience of dealing with institutional client orders.

Applicants should send their C.V.'s with a covering letter to Peter Regan, LCF Edmond de Rothschild Securities Limited, Orion House, 5 Upper St. Martin's Lane, London WC2H 9EA.

All enquiries will be treated in the strictest confidence.

ACCOUNTANCY

Ringing the changes for the millennium

Resource-based accrual accounting in all government departments is Clarke's aim, says Jim Kelly

Accountants are rarely afforded the opportunity to make history. The chancellor of the exchequer held out such a possibility earlier this year. "People will find other ways of celebrating the millennium," said Kenneth Clarke: "But few will be more important. This is one of those highly significant events."

Mr Clarke was referring to the government's determination, repeated by the paymaster general last week, to introduce resource-hased accrual accounting in all its departments by 1998. If these reforms are fully implemented, with the attendant reform of the management culture, the results will most certainly be revolutionary.

The annual public expenditure survey, which sets government spending targets, will be carried out on the new basis from 2000 onwards. The process of change will undoubtedly generate business for accountants. The large accountancy firms are watching developments – and the likely consultancy needs which may arise – with keen interest. The cost of transition alone has been estimated at £3m per government department.

At the moment the government's green paper: Better Accounting for the Taxpayers Money: Resource Accounting and Budgeting in Government, is out for public consultation. Privately it is described as a "white-green paper", as there is no doubting the government's determination to go ahead with the introduction of accrual accounting – or, as it is more commonly called · "resource accounting.".

The present system for government accounting is based on cash, in terms of receipts and payments, and has been officially dasignated, by the chancallor, as both "archaic" and "silly". It records when money is spent on an asset and then loses track of the asset itself: its future use, depreciation, sala, or disposal.

In contrast accrual accounting is based on the recording of transactions when they occur – rather than when the money is either received or paid out. If this system sounds both sensible and familiar it is because it is the foundetion of UK company accounting – and has been introduced in local government, the national health service, the universities, and privatised industries.

Under auch a scheme we could expect a government department to produce:

- A set of consolidated accounts for itself and its executive agencies
- A distinction between revenue and capital expenditure.
- An operating cost statement, highlighting resources consumed during the year net of department income from customers.
- A balance sheet showing assets and liabilities, provisions and an analysis of capital employed.
- A cashflow statement, analysing capital and current cash outflows and sources of finance.
- An output and performance analysis, comparing actual outputs with targets.
- A description of non-cash items such as depreciation of assets, superannuation and insurance.

The New Zealand government has already introduced the system. In Australia, it has been introduced at federal level and for the state governments of New South Wales and Victoria.

The need for such a change must be seen in a hroad context of government reform. From compulsory competitive tendering, through the development of the internal market in the National Health Service, to the setting up of executive agencies to deliver services, the need for commercial accounting is crucial in order to improve financial accountability and to ensure proper comparisons of costs.

The great danger is that the new system will be enacted in form not suhstance. For beyond accural accounting lies resource hudgeting: a system of management targets within a framework of measurable inputs and outputs. In New Zealand, where such a revolution has been attempted, the accounting switch was presented as the *means* to achieve a fundamental transformation of the culture: a shift to business management.

Martin Evans, technical and research director of Cipfa – the puhlic sector accounting hody – told a conference last week on the green paper: "The henefit of accrual accounting is that it confronts service managers with the real cost of holding and using assets."

"Quiet apart from highlighting tha extent to which we are running down or investing in puhlic assets it may encourage more rational decisions about the appropriate level of public borrowing."

But then comes the warning. "Resource accounting is not a magic wand that will lead automatically to hetter management of government assets." A revolution is also needed in management if the next step, to resource hudgeting, is to be achieved. Some accountants watching the process fear that there is a "whitewash" option: that resource accounting will be confined to the back of an envelope while the managment culture will remain unchanged.

Francis Plowden, a partoer with Coopers & Lybrand, told the Cipfa conference that success depended on a change in management culture which was already under way: "But the pace of change will need to be much greater if the benefits of the changes in technique which we have been discussing are to rise above the criticism that we are simply playing at shops."

All this will not mean an eod to cash controls. The paymaster general, David Heathcote Amery MP, told the conference: "Cash control within departments should be as rigourous as ever. But it might be appropriate for the treasury to exercise cash control for departments as a whole at a higher level of aggregation – allowing more flexible use of resources whilst continuing to keep a firm grip on the PSBR."

This illustrates just how far reaching the shift to accrual accounting can be. The Cipfa conference touched on some others: for example, if a department's accounts are consolidated why should the financial affairs of a quango not be included on the balance sheet ? While so-called executive quangos do produce accounts, why should hundreds of others escape?

Regulation of the accounts is a live issue because under resource accounting judgement will have to be used – particularly in respect to tha valuation of assets and their depreciation. How do you depreciate the value of a nuclear bomb? As one accountant suggested: rather quickly after it goes off. How do you apply historic cost accounting of a 14th ceotury castle? Or a hattleship?

Under cash based accounting assets were effectively written off after purchase. Under resource accounting the asset will suddenly reappear. How could a government institution, housed in a fine huilding on a lucrative piece of property, justify continuing to finance its asset? If it sold up, who would get the money? The indications are that the Treasury would get some, at least. Should the government attempt the seemingly horrendous task of consolldating the accounts of the *entire* public sector?

While the prohlems seem huge Martin Evans, at least, is sure that they are tractahle. Furthermore there la widespread acknowledgement that the benefits are huge. The glittering prize is that in the future a minister will be ahle to ask his accountants to cost a series of options for providing a public service.

When the dust settles the chancellor may well prove to have been right in his uncharacteristically grand evaluation of the effects of applying simple, old-fashioned, accrual accounting to the process of modern government.

EUROPEAN TREASURY MANAGER

STRATEGIC ROLE IN A SOPHISTICATED ENVIRONMENT

LONDON **NEGOTIABLE SALARY + CAR + BENEFITS**

- General Electric USA is a leading multinational corporatioo with consolidated revenues exceeding $60 billion. GE's European presence has grown rapidly as a result of acquisitions and Europe now contributes over $9 billion to total revenues.
- The London based treasury department has centralised European cash management for 7 key countries using GE's own highly sophisticated system.
- The European Treasury Manager will have responsibility for extending this structure to other countries, for automatic banking procedures, making short-term investment decisions and setting up a European funding programme.
- ACA/ACMA or MBA with at least 5 years' experience in corporate treasury and/or relevant consulting experience with a major firm. An understanding of the potential of treasury software and the interface between treasury/banking systems will be important.
- A self-motivated, self-confident, imaginative individual with excellent presentation skills. Must be fluent in English, preferably with French, German or Spanish as a second language.
- This highly visible position offers scope to make a real contribution, with excellent prospects for career progression within the group.

Please apply in writing quoting reference 813 with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
43 Welbeck Street, London W1M 7HF
Tel: 071 637 8736

Whitehead SELECTION

---

c. £65,000 + bonus + benefits *International Process Engineering Group* *Cheshire*

Finance Director

Our client is a major division of a quoted UK Engineering Group currently undergoing one of the most significant turnarounds of the 1990s. Challenging role as a key member of a new management team tasked with using the company's worldwide repotation for technical excellence and first-class quality to build a growing and highly profitable business.

THE ROLE

- Supporting the Managing Director in the commercial development of the business worldwide, evaluating synergistic opportunities which maximise technical and geographical opportunities.
- Involvement in the review of proposals and contracts, working with the operating company boards and the UK finance team, to establish and develop international financial controls as well as financial policy.
- Ensuring tight financial management of the business, establishing sound cash management and project appraisal processes to support significant planned organic growth.

THE QUALIFICATIONS

- Resolute and resilient graduate accountant, aged 35-45, with first-class financial analysis and treasury skills gained in an international manufacturing or contracting business.
- Proven track record of contributing to establishing a coherent international business strategy.
- Supportive hands-on team member and pragmatic self-starter with toughness, energy and determination. Credible at Board level, able to handle complex negotiations and capable of progressing further.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F60191141, 16 Connaught Place, London W2 2ED

FINANCIAL CONTROLLER

NORTH OXFORDSHIRE £35-40,000 + F/E CAR

An outstanding commitment to quality of customer service has enabled this company to become the UK's leading mobile phone service provider. This, together with impartial advice made possible by offering connection to any one of the four networks, has resulted in a highly successful growth rate in recent years.

An opportunity for a financial controller to join a highly-motivated, lean finance team has arisen. Reporting to the Finance Director, day-to-day responsibility for the financial management and reporting of the business will be the key focus of the role.

The diversity of distribution channel, type of customer and range of services provided make for a complex accounting function where a detailed grasp and control of the nominal ledger is required.

A sharp mind and commercial approach is vital, together with a sound appreciation of a customer service driven finance function. Hence exposure to a high volume, customer driven business sector will be advantageous.

The successful candidate will be a qualified accountant, aged early to late 30s with a confident, lively personality. Energy and enthusiasm combined with an eye for detail are essential.

A comprehensive benefits package together with relocation assistance, where necessary, will be provided.

Interested candidates who feel they meet these requirements should forward a detailed CV, stating current salary, to **Andrea Black** at **Robert Walters Associates, 42 Thames Street, Windsor, Berkshire, SL4 1PR. Fax: 0753 678908. Tel: 0753 831515.**

ROBERT WALTERS ASSOCIATES

FINANCIAL DIRECTOR

Yorkshire to £60k plus car

Well-established in the financial services sector, our client has a particular reputation in pensions and benefits management, and is planning for substantial growth over the next decade.

Crucial to the success of this strategy will be the appointment of a Financial Director able to work closely with the M.D. on corporate development, and lead the function – in which treasury features strongly – in supporting and enhancing the business.

Candidates should have held a senior role with a sizeable organisation and will have a broad-ranging career history that includes treasury and contracts exposure, and demonstrates a strategic and commercial orientation. A degree and accounting qualification are essential; the preferred age range is 35 to 45.

Applications, please, in strictest confidence and quoting Ref. No. 969/1 to AGC Consultants Limited, 26-28 Bedford Row, London, WC1R 4HF.

AGC SELECTION

CORPORATE FINANCE - SENIOR AUDITOR

London *£Excellent + Car + Bank Benefits*

For further information please contact our advising consultant **Richard Williams** *at* **Executive Connections on 071-242 8103,** *or send him your CV by post to* **43 Eagle Street, London WC1R 4AP** *or fax on 071 872 0083.*

With a record net income of $2.2 billion for last year, Citibank is one of the world's leading financial institutions. It provides a comprehensive range of financial products and services to corporate, institutional and individual customers around the globe.

Citibank's Corporate Finance and Capital Markets businesses offer a full range of services to an international blue chip client base. Products include structured finance, capital instruments, specialised leasing and asset defeasance, asset securitisation, venture capital, M&A, underwriting, loan syndication and asset trading. Transactions are invariably cross border in scope and often have significant tax and accounting implications.

As a key member of the audit team focusing on the bank's Corporate Finance and Capital Markets activities, you must swiftly develop an intimate understanding of the operations, issues and risks associated with the business. This appreciation, together with close liaison with the bank's management, will enable you to add maximum value to the reviews undertaken. This is a new role with considerable scope for development and opportunities to make a positive contribution to the evolution of the business. Career prospects are excellent.

Citibank wishes to recruit a commercially aware individual with the self confidence to quickly establish their credibility with senior management. You should also be a graduate ACA with three to five years PQE obtained in either Public Practice (in a Corporate Finance, Tax or Bank Audit department) or another Investment Bank.

CITIBANK

We are an equal opportunities employer

EUROPA

EXECUTIVE MATCH

EUROPA FREIGHT CORPORATION is one of the fastest growing distribution groups in Europe. Their turnover (now £63m) has more than doubled over the last four years. Operating within the highly competitive fields of worldwide logistics and European express freight their market share has increased through their consistent provision of a reliable and total quality service. An excellent record of profitability combined with a strong Balance Sheet underpins their commitment to continued expansion of their European and UK infrastructure.

They now wish to make two key appointments:

P.A. To Group Managing Director

Erith, Kent **from £35,000 + car**

Reporting directly to the MD you will be responsible for carrying out important commercial and operational projects throughout the UK and Europe to improve corporate profitability and quality standards. Candidates must be entrepreneurial business professionals – clear thinking and excellent communicators, with an MBA or similar qualification. Knowledge of French, German or Italian would be desirable but not essential. (Ref. P.A.)

Finance Director (Designate)

Brussels **c.£38,000 + car**

Reporting jointly to the local Managing Director with functional responsibilities to the Group Finance Director this position encompasses all finance and administration for the strategically important Benelux region. In addition to the preparation of financial and management accounting information, you will support the Managing Director in commercial decision making processes, and deputise for him in his absence. Candidates with ACA/ACCA/ACMA should have at least five years PQE, and excellent man management skills. Fluency in French and English is essential and a knowledge of Flemish would be very desirable. (Ref. F.D.)

For further information please contact David Howell at Executive Match on 44 (0)71 872 5544 (out of hours 44 (0)81 878 1410) or write to him, quoting the relevant reference, at Executive Match, 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW. Fax 44 (0)71 753 2745.

HEAD OF UK FINANCE

Guildford **££ Competitive Package**

Clyde & Co is an international law firm with 88 partners and 600 staff worldwide. As well as three UK offices, we have branches in the Middle East, Far East and Latin America and associated offices in Paris and St. Petersburg. Whilst the firm has a thriving, broad-based commercial practice, its expertise and reputation are unparalleled in the core areas of shipping, international trade and insurance litigation.

Due to a reorganisation, we are now looking to strengthen our Finance team by appointing a high calibre Chartered Accountant to take on the new role of Head of UK Finance. Working primarily in our Guildford office, where the Accounts function is based, the appointee will report to the Chief Executive and the Finance Partner. In addition to being in charge of the Accounts Department, he/she will be responsible for management accounts and information, the preparation of monthly accounts and statistics, annual accounts and projections for the UK offices and consolidations for the overseas offices. He/she will also deal with tax and audit-related queries and prepare regular cashflows for both bank and internal purposes.

This will be a key, high-profile position within the firm and the ideal candidare will be an ambitious, energetic individual, probably in his/her mid-thirties, with proven management skills and accounting expertise gained in an international professional firm. Strong business acumen and the ability to communicate effectively with the partnership on a diverse range of financial and strategic issues are essential. The rewards for such a person will be very competitive.

Interested applicants should write, enclosing a full CV and stating current salary, to Fiona Cass, Recruitment Officer at Clyde & Co., 51 Eastcheap, London EC3M 1JP.

LONDON · GUILDFORD · CARDIFF · HONG KONG · SINGAPORE · DUBAI · SAO PAULO · CARACAS

CLYDE & CO
AN INTERNATIONAL LAW FIRM

Finance Director

Imminent Flotation

Central London | *c£70,000 + Options*

This is an exciting opportunity to join a Company which is planning a public flotation. Its main interests are in the mining of precious metals and it has a strong international focus.

The Finance Director will report to the Chief Executive and will be responsible for ensuring that the financial disciplines and reporting procedures are implemented to the required standard for a public company. Establishing and building relationships with institutional investors and advisors will be an integral part of the position. Naturally, the individual will be part of the main board and accordingly will be required to provide strategic and financial expertise.

The successful candidate will be a Chartered Accountant and should have had previous public company experience.

Previous mining related experience preferred, but not essential. It is likely that he or she will be aged between 35 and 45, computer literate, with an ability to get tasks completed. International tax experience would be an advantage. The individual should also have the confidence and interpersonal skills to be an outstanding communicator.

The remuneration package which is dependent on experience, includes the chance to participate in the option scheme and the long term career opportunities are excellent.

To apply, please submit a detailed resumé quoting reference number 9/1836 to Raj Munde at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN. Fax No: 071 240 1052.

(Please respond before Tuesday 8 November)

Morgan & Banks
INTERNATIONAL

Finance Manager

ESSEX | £EXCELLENT + BENEFITS

A wide ranging management role in a successful forward looking business

The Company

- Well established Manufacturing Group with sites in the South East and South West of England.
- Impressive Blue Chip customer base.
- Strong growth and Profit record.

The Position

- Reporting to the Finance Director, you will be part of a strong well established management team.
- Day to day management of a centralised accounting and payroll department.
- Production of timely and accurate management accounts.

The Profile

- Qualified Accountant
- Aged 30 to 35 years.
- Several years post qualification experience preferably in a manufacturing environment
- Strong management and communication skills with the ability to lead and motivate people.
- Considerable experience of computerised financial systems.
- Commercial acumen.

If you are looking for a challenging role with excellent career prospects then please forward a comprehensive curriculum vitae and current remuneration details to:

Mrs C Brown, Harlow Sheet Metal Plc,
Allen House, Edinburgh Way, Harlow, Essex CM20 2HJ

DERIVATIVES PRODUCT ANALYSIS AND SUPPORT

CITY | £32,000 TO £50,000 + CAR + BONUS + BENEFITS

The creative momentum of a multi-currency derivative products team at a leading US Investment bank draws on an essential analytical support group.

Exceptional individuals who have the ambition to broaden their product knowledge and risk management skills will find this trader support function a stimulating challenge.

Providing financial support to the business, covering a wide range of products from swaps, interest rate and currency options to debt derivatives, you will experience a high level of trader liaison and exposure to senior management.

Responsibilities will include:

- risk management
- ongoing and proposed business strategies
- pricing policies
- new product development
- analysis of P/L movements

Probably aged 25-30, you will be a qualified accountant with at least two years' post qualification experience of a banking environment. A significant proportion of this time must have been spent within a product support function.

Alternatively, you may be working within the financial markets division of a "Big 6" accountancy practice. Strong interpersonal skills, a high degree of professionalism and the ability to work to tight deadlines will be essential. These high profile roles will also require the successful candidates to provide innovative solutions to business problems that arise.

For further information please contact **Stephen Grant** or **David Twiddle** at **Robert Walters Associates** on **071 379 3333** (confidential fax 071 915 8714) or write to them at **25 Bedford Street, London, WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

Plascoat

FINANCIAL CONTROLLER

COMPETITIVE PACKAGE INCLUDING CAR

Plascoat, Europe's leading thermoplastic powder and coatings company with +£20m turnover, is seeking a qualified Financial Controller based at Farnham, Surrey. You will be a *key member of the management team* and be expected to provide strong financial leadership and commercial support to the multi-site operation, which include Dutch and French subsidiaries.

The successful candidate will have a minimum of 5 years post qualification experience in a manufacturing environment and be able to demonstrate analytical techniques together with a highly developed commercial awareness. An important part of the role is the continued development of the IT systems.

Please apply in writing, enclosing a full CV, including current salary details to: Mrs Christine Eaton, Personnel Manager, Plascoat International Limited, White Rose Court, Oriental Road, Woking, Surrey. GU22 7LG.

LLOYD'S
LLOYD'S OF LONDON

Regulatory Accountants

City | £Competitive package

Lloyd's of London is a focal point for the world's insurance market and is currently effecting the most dramatic reforms in its 300 years' history. Enhanced regulation is central to the commitment to change.

The Brokers and Correspondents department is responsible for regulating the 200 brokerage firms operating in Lloyd's. They are currently seeking accountants who will be at the forefront of this drive for efficiency and modernisation.

You will join a team carrying out site visits of Lloyd's brokers. You can expect to liaise with senior figures, reviewing the effectiveness of management and the adequacy of finance, systems and procedures.

You will have a professional accounting qualification which has been gained in the last two years. A sound working knowledge of the Lloyd's markets and the principles and practice of Lloyd's regulation is essential. This knowledge will have come from working in the Lloyd's market or from auditing in Public Practice. Necessary skills include the ability to make considered judgements on complex issues and to communicate effectively and confidently both orally and in writing to all levels of management. Above all you are a team player.

For further information please contact Tom Vacher on 071 404 3155. Alternatively write, giving full details, to the address below. All enquiries will be treated in the strictest confidence. Any applications made directly to Lloyd's will be forwarded to Alderwick Peachell.

Alderwick Peachell

Alderwick Peachell Limited, Recruitment Consultants, 125 High Holborn, London WC1V 6QA. Tel: 071 404 3155. Fax: 071 404 0140.

INNENLEITER - Stv. NIEDERLASSUNGLEITER

Lombard North Central PLC

Zweigniederlassung Frankfurt

Wir sind die deutsche Niederlassung eines der führenden Finanzdienstleistungsunternehmen Europas, das der National Westminster Bank Group angehört.

Wir erweitern unsere Aktivitäten in Deutschland und bieten für den Innenleiter und stellvertretenden Niederlassungsleiter eine interessante und herausfordernde Karriere.

Die Schwerpunkte dieser Führungsaufgabe bilden die Verantwortung für das Accounting, die Refinanzierung, das Berichts- und Steuerwesen sowie die Organisation. Sie werden dabei von einem kleinen, leistungsfähigen Team unterstützt und berichten direkt dem Niederlassungsleiter.

Wir suchen einen Bankkaufmann mit mehrjähriger Berufspraxis in den vorgenannten Bereichen. Ein wirtschaftswissenschaftliches Studium sowie Kenntnisse des Treasury-Managements, der englischen und deutschen GAAP wären von Vorteil, sind aber nicht Bedingung. Sichere deutsche Sprachkenntnisse in Wort und Schrift setzen wir jedoch in gleicher Weise voraus wie Einsatzfreude, Eigeninitiative, Durchsetzungsfähigkeit und gutes Kommunikationsverhalten.

Die Stelle ist mit den erforderlichen Kompetenzen ausgestattet und wird den Anforderungen entsprechend dotiert.

Bitte senden Sie Ihre aussagefähigen Bewerbungsunterlagen mit Gehaltsvorstellung und frühestmöglichem Eintrittstermin an:

Mrs Linda Hill, Personnel Manager, Lombard North Central PLC,
3 Princess Way, Redhill, Surrey RH1 1NP.

Applicants with a disability will be guaranteed an interview provided they are suitably qualified/experienced.

Lombard
BUSINESS FINANCE

A member of the National Westminster Bank group
Lombard - Working to Achieve Equal Opportunities

Our client is a large multinational industrial group with a strong market presence. They employ over 40.000 people in more than 20 countries worldwide. For their operations in Poland they are looking for a:

FINANCIAL CONTROLLER

WARSAW

This is a recently created position due to the Group becoming majority shareholder in a joint venture. The incumbent will report directly to the C.E.O. with a dotted line to the European Finance Director. The main brief of this function is to ensure that financial control within the local organisation, (total sales: US$ 11.0 million) meets group standards and provide management reporting information. Key tasks will include:

- Establish and operate treasury activities and ensure tax optimisation within Poland in collaboration with local and group management.
- To ensure that legal entity accounting meets the requirements of local fiscal and statutory bodies.
- All Financial control of branches and legal entities within the operating companies.
- Act as interface between banks, lawyers, auditors etc.

To succeed in this role the ideal candidate should have the following profile:

OUTSTANDING PACKAGE

- A qualified graduate ACA/CIMA/CACA, or equivalent
- Between 3-5 years post - qualification experience gained in a multinational environment.
- Exposure to Polish legal entity reporting and current fiscal legislation.
- Familiar with computerised reporting packages.
- Fluent in Polish.

This is an excellent opportunity for a dynamic 30-35 year old to impact on a rapidly evolving organisation. Career opportunities are unlimited both in Poland and internationally. First interviews will take place in London and Warsaw.

Interested candidates should contact **Pasquale Mazzuca** on **32-2-647.70.00** for an initial discussion. Alternatively they can send him their resumé (Facsimile 32-2-647.70.30) to Nicholson International, Search & Selection Consultants, Avenue Louise 363, box 24, 1050 Brussels, Belgium, quoting reference **BCL056.**

NICHOLSON INTERNATIONAL
Belgium

Australia Czech Republic France Germany Holland Hungary Italy Poland Romania Russia Spain Turkey UK

C. £40.000 | West End

FINANCIAL DIRECTOR

3D animation and production

EXCESS is the most advanced provider of Design, Graphics, 3D Animation and Digital Compositing in Europe. Following the opening of its new facility in Dean Street we are seeking a qualified accountant for this new role as a key member of the board. The role carries responsibility for all aspects of financial management of the business and the candidate should have the personality to be able to deal with clients from the media industry. Practical experience of commercial management in an operating company within a service business is likely to be an advantage. Candidates should be computer literate and capable of setting up effective systems for controlling all aspects of a growing business.

Applications to: C A Maxwell, Venture House, Davis Road, Chessington, Surrey. KT9 1TT

airJamaica

AIR JAMAICA LIMITED - CHIEF FINANCIAL OFFICER

A Chief Financial Officer is required to coincide with the imminent privatisation of this National Carrier to be based at the Airlines' Head Office in Jamaica.

A CPA or similar qualification is essential and airline experience would be an advantage. An attractive salary and benefits package will be offered to the successful applicant.

Applications, together with full curriculum vitae, should be submitted in writing to the Chief Executive Officer, Air Jamaica Limited, 72-76 Harbour Street, Kingston, Jamaica, W1 or by fax to (809) 967-3125

Dutch speaking Financial Controller

Up to £40,000

هكذا من الأصل

Coopers & Lybrand | Executive Resourcing

Finance Director

BERKSHIRE - M4 CORRIDOR **c £50,000 + EXECUTIVE BENEFITS**

Our client is a worldwide leader in the provision of systems, products and services for the global transmission and management of data, voice and video networks, for corporations, government agencies, systems integrators and communication carriers. The autonomous and rapidly expanding UK operations, with revenues planned to exceed £17m, seek an experienced financial manager to strengthen its small, cohesive management team.

With total responsibility for the finance and accounting functions, priority will inevitably be to ensure tight financial *control of all operational activities.* Fundamental to this will be the need for firm cash management as well as developing *systems capable of supporting* and regulating a fast-moving and rapidly advancing organisation. You will also be required to play a key role in the decision-making process across all business activities, directly working with the operational management teams in optimising profit performance.

A graduate, qualified accountant, ideally with some European experience, you must be able to demonstrate the relevant level of technical skills, commercial maturity and vision necessary to succeed in this demanding environment. A track record of achievement in a commercially strong, market-led, high technology organisation is essential, as are the interpersonal skills and ability to positively influence at board level. You must also be equally capable of functioning at both a strategic level and in the detail necessary to drive operational issues forward and control associated costs.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE902 on both envelope and letter.

Coopers & Lybrand | Executive Resourcing

Guy's & St Thomas' HOSPITAL TRUST

Chief Accountant

LONDON BRIDGE/WATERLOO **c £40,000 NEG + CAR**

The creation last year of Guy's & St Thomas' Hospital Trust brought together two of London's most renowned and innovative teaching hospitals. It also established the largest Hospital Trust in England, with an annual income of almost £250 million and 7,400 staff.

This senior and challenging post reports to the Finance Director *and has responsibility for a team of 125 people in financial accounting, treasury, payroll, creditor payments and* procurement. There are a number of important immediate objectives for achievement which have come about from the integration of two substantial departments and their separate systems. These include improving the supplier payments service, reducing the level of debtors, preparing plans and procedures for *completing the year end accounts and managing the* implementation of a new personnel and payroll system.

Candidates must be qualified accountants with a minimum of five years' senior financial management experience *gained within a large, multi-disciplined environment.* You should have excellent technical accounting knowledge and project management experience of implementing complex computerised systems. Well developed skills in managing, motivating and developing large numbers of staff will be essential and you must be able to demonstrate achievements in the management of significant change.

Please send full personal and career details, including current remuneration and a daytime telephone number, in confidence to Janice Riches, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference JR203 on both envelope and letter.

ap Accountancy Personnel
EXECUTIVE RECRUITMENT

Dutch speaking Financial Controller

Amsterdam, Holland

Up to £40,000

The Company

A leading publicly quoted UK business service group which is rapidly expanding in all its business sectors, particular in mainland Europe, requires an exceptional Financial Controller to head up its finance function in Holland. With two separate businesses already running in Holland and further expansion planned shortly, the Controller will take responsibility for setting up and developing the finance function.

The Role

The Finance Controller will set up a Central Finance Department for all the groups' activities in Holland. This will include management accounts, statutory accounts, tax and treasury operations. Success in this role will provide the Controller with the chance to progress within this group, either in Holland or elsewhere.

Key Responsibilities

- Consolidation, management and statutory accounts of all group companies in Holland.
- *Development of the finance team in Holland* as the group's activities increase by organic growth and via acquisition.
- Putting together budgets and corporate plans.
- Management of local currency and treasury operations
- Responsible for local tax affairs, planning and carrying out commercial due diligence on all major contracts in Holland.

The successful candidate must be:

- Fluent in Dutch, English and ideally German.
- Probably Dutch national
- *Age 25-35.*
- Technically strong, able to prepare management and statutory accounts including consolidations
- *Able to relate strongly to operational management* through strength of character and self confidence
- Must be 'hands-on' but have the vision to develop the growing team.

This position is being handled exclusively by Accountancy Personnel. Interested candidates should contact Sara Kenderdine-Davies on 071-256 5849, Accountancy Personnel Executive Recruitment, 36-44 Moorgate, London EC2R 6EL. *Fax: 071-638 7509. Interviews to be held in London and Amsterdam.*

Hays

CORPORATE & BUSINESS PLANNING

Salary + benefits London, SW1

The Commonwealth Development Corporation (CDC) is a UK public corporation whose *fundamental objective is to contribute* to economic development in the 50 developing countries in which it operates – countries ranging from Central America in the West, through Sub Saharan Africa, South Asia and South East Asia to the Pacific Islands in the East.

CDC pursues its objective by investing equity and medium term loans in over 350 businesses. CDC's current portfolio has some £1.7bn of investments and commitments, with new investments being made at the rate of close to *£250m per annum.* CDC has been consistently profitable and in 1993 achieved a surplus, or profits after tax, of £48m. CDC is based near Victoria in London and operates through 20 overseas offices. In addition CDC manages 30 companies, most of which are subsidiaries, with sales of £140m employing 30,000 people.

CDC wishes to enhance further the corporate and business planning process in order to ensure that CDC meets growth, profit, development and other targets. Your prime responsibility will be the preparation of an annual corporate plan, and the coordination of the component business plans; *but you will also be responsible for taking* forward the findings of a recent strategy review together with associated issues including risk management, sector policies, development, the environment and social policies.

You will report to the Director of Finance but work closely with the Chief Executive. The position enjoys a high profile within the organisation. We envisage the role lasting two to three years following which CDC offers a wide variety of opportunities for career progression in the UK or overseas.

Your qualifications will include accountancy *or an MBA. You will have business experience* and although age is not an issue, experience of planning and management information systems is essential. Above all you are a confident communicator capable of expressing yourself succinctly.

To apply, write quoting serial 2403 to: *Andrew Harris, Senior Personnel Executive,* CDC, One Bessborough Gardens, London SW1V 2JQ.

CDC

Britain Investing in Development

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity *to capitalise on the FT's European readership* and *to* further target the French business world.

For information on rates and further details please telephone: **Philip Wrigley on +44 71 873 3351**

Bell *Cablemedia plc*
Treasury Professionals

Bell Cablemedia plc, a recently established joint venture between Cable & Wireless, Jones Intercable and Bell Canada, has quickly established itself as a leading force within the UK market for cable television and telephone operators. This publicly quoted Group's potential is enormous with revenues projected to exceed $1bn by the year 2000. As massive bank, project and capital markets funding is in place, two further treasury professionals are now required to join a team which will be critical to future success.

Manager - Treasury Operations

To £45,000 + Benefits **Home Counties**

THE POSITION

- *Key role in cash and liquidity management.* Monitor and manage exposure to FX and interest rate risk.
- Establish structured cashflow forecasting procedures. Implement electronic banking interfaces.
- Develop relationships with major banking institutions.

QUALIFICATIONS

- Ambitious young graduate, ideally ACA and/or ACT qualified.
- Several years' corporate treasury experience essential, including dealing. Exposure to cashflow *management* preferred.
- Analytical with first class interpersonal skills.

Ref N4363

Manager - Corporate Finance

c.£30,000 + Benefits **Home Counties**

THE POSITION

- *Development role. Opportunity to gain* broad exposure across full treasury field.
- Specific remit to evaluate long term funding requirements, bank and project finance strategies.
- Varied ad hoc project involvement. Report to Group Treasurer.

QUALIFICATIONS

- *Ambitious, strategic thinking* MBA or newly qualified accountant, aged mid to late 20's.
- Commercially aware and highly *numerate.* Computer literate with sophisticated modelling skills.
- Maturity and common sense. First class communicator.

Ref N4364

Please send full cv, *stating salary, quoting relevant ref,* to NBS, 54 Jermyn Street, London SW1Y 6LX

N B SELECTION LTD
a BNB Resources plc company

N·B·S

LONDON 071 493 6392
Aberdeen 0224 638080 • *Birmingham* 021 233 4656
Bristol 0272 291142 • Edinburgh 031 220 2400
Glasgow 041 204 4334 • *Leeds* 0532 453830
Manchester 0625 539953 • Slough 0753 819227

SENIOR FINANCE OPPORTUNITIES IN HEALTH

This is an exciting and challenging time to be in the Health Service. Rapid advances in medical science go hand in hand with culture change and new ways of doing things. My client needs adaptable, qualified accountants with the flair to seek creative solutions within an environment committed to high quality patient services.

Midlands based and *serving a population* in excess of a million, they employ 4,500 and have an income of £145m with an asset *base of over 100m.* A major five year investment plan has already been put in place and their objective now is to develop a finance function capable of delivering financial stability and supporting senior management.

Deputy Director
Financial Management
c£40,000 + Car

Reporting to the Director of Finance, you will be responsible for the management accounting function for the Unit. Managing a Department of 20, you will be responsible for providing and interpreting financial information for the Board and management. A key part of this function will be ensuring financial discipline is maintained within a devolved financial environment.

A qualified accountant, you will probably be under 40 with experience and strength in financial analysis and budgetary control. An NHS background would be useful but not essential. A good planner and capable of operating in large complex organisations, you will be a particularly effective communicator and team leader. **Ref: 129/FT.**

Deputy Director
Business Strategy
c£40,000 + Car

Reporting to the Director of Finance, you will be responsible for strategic planning and pricing. Managing a small team, you will have a key role in anticipating and planning the future of the Unit.

Probably under 40, you will have an unusual blend of skills in being a qualified and technically proficient accountant with the ability to conceptualise. Experienced in financial analysis and investment appraisal, you must have been involved in strategic planning for a significant organisation. **Ref: 130/FT.**

Chief Accountant
c£35,000 + Car

Reporting to the *Director of Financial Services, you will* be responsible for Financial Accounting, including production of all monthly and *annual financial returns, cash flow, treasury* management and capital accounting.

A qualified accountant, you must be familiar with NHS financial systems in the above areas. As a good technician you will enjoy a reputation for meeting tight deadlines. Management experience is essential. **Ref: 131/FT.**

Pleas submit in confidence a comprehensive c.v. quoting *appropriate reference to:*

Keith Townrow & Partners, Aztec Centre, Aztec West, Bristol BS12 4TD. Tel: 0454 614373.

KEITH TOWNROW AND PARTNERS
EXECUTIVE SEARCH AND SELECTION

FINANCE DIRECTOR NATIONWIDE LIFE & NATIONWIDE UNIT TRUST MANAGERS

With our name behind you there's an exciting future ahead

Package c.£70,000 Swindon

Nationwide Life and Nationwide Unit Trust Managers, the UK's second largest building society's new subsidiaries, will start operations next year, offering a competitive range of life assurance, personal pensions, PEP and unit trust products which will provide customers with good value for money and first-class levels of service. With this approach, combined with the benefits of being part of a major financial services group with a strong brand name and high street presence, it is expected that the subsidiaries will quickly become significant forces in the insurance and investment market. As Finance Director, you will play a major role in their success.

The Role

- Exert a major influence on a start-up situation within a large financial services group, working closely with the Managing Director.
- Develop a finance function with a small tightly-knit team taking full advantage of the opportunity to sub-contract tasks to existing finance departments within the *Building Society.*
- Establish effective financial systems and controls.
- Ensure the businesses have clearly defined goals and strategies.
- Timely production of management information and statutory accounts.
- Ensure businesses take full advantage of opportunities to outsource services to "third parties".

The Person

- Energetic qualified accountant with substantial senior level *experience in a unit-linked environment.*
- Knowledge and understanding of the financial/actuarial *dynamics of a life company, investment management* and unit pricing procedures and disciplines.
- *Ability and willingness to work at strategic, operational and* detailed levels as required.
- Proactive thinker with considerable business acumen.
- Experience in negotiating out-sourcing contracts.
- Commitment to team working and empowering staff.

The rewards package reflects the nature of the challenges and includes a full range of financial sector benefits.

Please write, enclosing a full CV to Pat Turner, HR Manager, Nationwide Building Society, Moulton Park, Northampton NN3 6NW.

Working for equality of opportunity nationwide.

Nationwide
THE 'BUILDING' SOCIETY.

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Group Internal Auditor

Major well established Publishing Group

c.£50,000 + car + benefits London

This major international publishing group operates in the United Kingdom, United States, Europe and S.E. Asia. Publishing activities include a number of well known titles and brands and recent operating results show a healthy increase in pre-tax profit and EPS.

To fulfil an important role within the organisation, a Group Internal Auditor is to be appointed whose responsibilities will incorporate:

- Operating the group internal audit function
- Conducting audit projects throughout the group and presenting conclusions to management and the audit committee
- Advising on financial policy and procedures, financial systems and computer installations.

The role requires an experienced, stable and mature Internal Auditor and specifically:

- Internal audit experience in a multi-site and large volume transaction environment
- Experience of working at the most senior level
- Internal audit of overseas operations
- A formal accounting qualification (preferably chartered).

Liaison with internal audit functions within operating divisions will be required, involving travel to locations throughout the group.

This position offers an exceptional opportunity for someone to join a major established, successful and profitable group and contribute to its future success through the provision of an outstanding inter-active internal audit capability.

To pursue this further please write, enclosing a full CV, to our advising consultant Jane Rhodes quoting reference F/1484.

Executive Search & Selection
Price Waterhouse
No 1 London Bridge,
London SE1 9QL.

Financial Controller

South Wales **Excellent salary package**

The Role

- A new appointment in a high prolile organisation.
- Responsible for full range ol financial accounting, corporete taxation and statutory accounting procedures.
- Provision ol company secretarial service as appropriete to a limited company.

The Challenge

- Development of stringent linanciel controls and establishment of appropriate accounting procedures in newly formed, £100m turnover organisation.
- Provision of key financiel information which allows the company to operate in e commercial end value for money manner.
- Assist with the ongoing development ol appropriate IT systems.
- Creation ol financiel and business planning procedures and models in order to allow the company to maintain a strategic focus.

The Person

- Graduete, qualified eccountant with c.five years post qualification experience.
- Able to lead and motivate e small but enthusiastic team.
- Able to demonstrate technical excellence, coupled with commerciel acumen.
- Experienced in e similar role in industry or currently working in professional prectice and seeking a career opportunity.

Il you feel that you meet the above criterie, please send a comprehensive CV stating current remuneration to Karen Peige at KPMG Executive Selection & Search, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0272) 464042.

KPMG Selection & Search

International Finance Executive

Central London **£Excellent Package**

Our client is a multi-national entertainment and media group, with an expanding network of offices located in key strategic sites throughout the globe.

Future organic growth will be complemented by a policy of acquisition. To achieve this, they are seeking to recruit an International Finance Executive.

Reporting directly to the Finance Director, you will be responsible for the analysis and investigation of potential targets for acquisition coupled with control of the International audit of operations in a variety of different countries. Your success is key to the continued development of the organisation.

The successful candidate will be a fully qualified ACA, aged about 30, with a first class background. Your exceptional interpersonal skills will be complemented by a rare combination of commercial sense and maturity, ensuring an immediate impact in this dynamic environment.

Interested applicants in the first instance, should write enclosing an up-to-date curriculum vitae to David Bloch at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Finance Director

Barcelona, Spain **up to £60,000 + Bonus + Car**

Our client, a publicly quoted, British based multinational, is one of Europe's leading textile and clothing companies. With 50% of current turnover derived overseas, they are committed to becoming a major force worldwide. As part of this expansion they are now seeking a highly commercial Finance Director to control their successful Spanish and Portuguese manufacturing subsidiaries.

Working closely with the Chief Executive the appointed candidate will be a key member of an established management team, with overall responsibility for finance and administration. You will be instrumental in the long term growth and success of operations by formulating and implementing the company's plans and strategies.

The candidate will probably be aged 30-45, a graduate, qualified accountant who has worked in a senior financial role with a major international company. You should have a facility for languages, preferably already speaking Spanish, and be able to demonstrate self motivation and leadership qualities. A track record of success with technical and commercial issues is a prerequisite. Experience of working in Spain or Portugal would be an advantage, but above all you must have the intelligence, strength of personality, and flexibility to succeed in an expanding international business.

This is a senior appointment within the international group and is expected to offer significant long term potential in financial or operational management overseas or in the UK.

Interested candidates should forward a comprehensive curriculum vitae to Dean Ball, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ quoting ref 169178.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Hanson

Financial Accountant

Hanson PLC is renowned for its formidable and consistent 30 year track record of success as a multinational industrial management company. The Group's well-established businesses enjoy leading market positions, particularly in the UK and USA.

Based at the Corporate Headquarters in Central London and following internal promotion, this role will carry responsibility for:

- Preparation of published accounts observing full regulatory compliance.
- Preparation and interpretation of monthly Main Board reports.
- Consolidation and review of budgets and forecasts.
- Implementation of computerised consolidation and management information system.
- Maintaining close liaison with the operating division finance functions and the central tax and treasury operations.

Candidates, aged 27-31, should be graduate Chartered Accountants who can demonstrate accelerated career progression to date, strong technical ability, a high level of computer literacy, excellent interpersonal skills and outstanding future development potential.

Interested applicants should forward a comprehensive CV, quoting ref 209090, to Mark Hurley ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Group Financial Controller

Central London **c £50,000 + Car + Bonus**

Our client is a recently floated UK public company with a market capitalisation of £75 million. Operating a joint venture in a republic of the former Soviet Union, they have quickly established a strong reputation for success in an uncompromising environment. The prospects for significant future growth are excellent.

A new position of Group Financial Controller has been created which, based in London, will be responsible for the provision of the highest quality technical and commercial support on all group financial matters. Initial emphasis will be to design and implement robust accounting procedures which will facilitate stringent financial control and comprehensive management reporting. The key to success in this role will be the ability to work closely with operational managers, bringing a disciplined, international financial perspective. Substantial overseas travel will be necessary.

Candidates, aged 35-45, will be graduate qualified accountants with a proven record of senior level experience preferably gained in an international engineering or similar plc environment. Technical excellence, strong personal presence and outstanding communication skills, combined with a tough but flexible, hands-on management style will be essential.

Applicants should forward a comprehensive curriculum vitae, quoting ref 209191, to Mark Hurley ACMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

ACCOUNTANCY IN CAPITAL MARKETS

Salaries to £40,000 + benefits

In financial markets the role of high calibre accountants who can utilise their skills to service developments across a wide range of business areas is vital. The provision of financial expertise and management informatioo is oo mere back room role, but plays a key part in driving the business.

This is why financial markets institutions look for the best graduate accountants to help increase growth. Every project is business critical and the demands you will have to meet will be high. Aged 24-30, you will be a qualified accountant (ACA/ACCA/CIMA) with two years+ PQE. This experience may have been gaioed working with the froot or back office of a financial markets institutioo or, alternatively, working in a major accountancy firm with a banking portfolio. A strong mathematical background, as well as computer literacy (experience of spreadsheet technology would be particularly advantageous) is a standard requirement. You will also have excellent communication and potential leadership skills, as you will be working in small teams and will be expected to take responsibility as necessary.

We are currently working alongside major **American, European, British** and **Japanese** banks with various business requirements for ambitious accountants. In additioo to the skills listed above, in-depth experience must have been gained io one or more of the following areas: **risk monitoring; equity analysis; P & L measurement and analysis; interest rate and currency derivatives; product analysis (specifically equity derivatives); swaps analysis; trader support.** The potential rewards – in terms of both career and remuneration structures – are outstanding.

For further informatioo, please cootact Lisa Brice on 071-734 4010. Alternatively, send your CV, quoting reference LIFT01, to McGregor Boyall Associates, Sutherland House, 5-6 Argyll Street, London W1V 1AD. Fax: 071-734 1297.

McGregor ■ Boyall
Business & Technology Selection for Financial Markets

TONER GRAHAM
ACCOUNTANCY RECRUITMENT SPECIALISTS

FINANCIAL PLANNING MANAGERS

South West **c £35,000 + Car + Benefits**

Our client is a dynamic, fast moving, manufacturing group, renowned for the innovative nature of its products. The Company is extremely profitable, committed to growth and enjoys market leading positions in a number of key core business areas.

Following a restructuring two key positions have been created within tho prestigious Financial Planning Function. These high profile roles will offer full financial support to the major business units including:

- Development of strategic plans, budgets and forecasts
- Financial evaluation of new products and appraisal of promotional activities
- Analysis of key profit drivers
- Reporting on business unit performance.
- Provision of consultancy advice on a diverse range of ad hoc projects
- Commercial interaction across all functions and at all levels within the business

Successful candidates will be graduate, qualified accountants with a track record of managing change within a marketing driven environment. Outstanding communication skills, the ability to strongly empathise with the business and the credibility to influence senior management are essential prerequisites.

In return the company offers an attractive package (dependent on experience) and full relocation assistance if required. Equally important is the opportunity to join an extremely progressive and successful group where career advancement is based on merit.

Interested candidates should write enclosing a comprehensive C.V., quoting reference PT67, to Paul Toner at the address opposite.

Toner Graham,
8 Imperial Square,
Cheltenham,
GL50 1QB.

COMMODITIES AND AGRICULTURE

Supply tightness grips LME's copper market

By Kenneth Gooding, Mining Correspondent

The London Metal Exchange's copper market was gripped yesterday by extreme tightness and buyers were having to pay a large premium for metal for immediate delivery.

"Anyone who needs copper between now and November 16 is going to have to pay dearly for it," warned Mr Wiktor Bielski, analyst at Bain & Company.

Another analyst, Mr William Adams, at Rudolf Wolff, said that LME copper atocks had fallen to a level – representing only 5½ weeks of consumption – where there was a shortage of physical metal and the backwardation (premium for immediate delivery) was justified.

Yesterday at one stage the premium for cash copper over metal for delivery in three months reached $55 a tonne. At the close the pramium had eased back to $50 as the cash price ended at $2,754.50 a tonne, up $41.50, and three-month metal was $2,704.50, up $12.50.

Mr Bielski pointed out thet the cash price had risen sharply in the past two weeks – by $200 a tonne since October 19 – and "it seems that some people are short [of metal] and are being squeezed and will have to pay up".

However, he insisted that there was a fundamental shortage of copper and LME prices indicated the supply tightness went ont as far as December next year.

Mr Bielski said LME stocks were not only relatively low but also in the wrong places – mainly in Europe and not the US where demand was heaviest – and so "there is no reason why the copper price should not continue its merry way upward". The price might reach 135 to 140 cents a pound ($2,975 to $3,086 a tonne) in the present quarter and go to 150 to 160 cents ($3,306 to 3,526) early next year, he said.

Wolff's Mr Adams suggested that, although the copper price was due for a correction, any dip in the price encouraged more buying. "There is a lot of financial and non-trade interest in copper and the market is ignoring everything else. People are getting nervous in case this powerful buying continues." He suggested that it was likely to continne for some time.

While the market fundamentals justified a rise in the copper price, Mr Adams added, the investment fund and non-trade buying had accelerated the process "and we are seeing prices today that we would not otherwise have seen until next year".

Milk board spins off cattle breeding division

By Deborah Hargreaves

Genus, the cattle hreeding, farm management and animal health division of Britain's Milk Marketing Board was spun off as a separate company this week following the de-regulation of the milk market.

The company's £23m in net assets has been distributed to dairy farmers who sold milk to the board between 1992 and 1993.

Mr John Craven, chief executive, said the company was facing tougher competition in its core market of providing artificial insemination for beef and dairy herds following the relaxation of Ministry of Agriculture rules. This has allowed smaller operators to undercut prices.

"We clearly bave to concentrate on being more efficient and giving better valne for money," Mr Craven stressed. Genus had a turnover of £51.6m with profits of £4.8m last year.

Mr Craven said that the next couple of years would see the completion of the company's six-year hreeding programme, which is aimed at providing high quality semen to farmers as a replacement for imported material.

The company cnrrently imports two-tbirds of tbe semen used for inseminating cattle, hut Mr Craven said he boped to halve this over the next two years. In its breeding programme, to improve the genetic bank on offer, Genus concentrates on animals that yield a higher proportion of protein to fat in their milk as well as strong cows with good legs and feet.

The company expects its new commercial status will see growth in its farm management business, animal health services and the sale of branded prodncts.

Using cattle to repair the land

David Spark on the controversial techniques of a Namibian farmer

Nambia, tbe driest country in southern Africa, is worried by the loss of trees, mopane busb and grass in the sandy, beavily-grazed, populous communal areas of the far nortb.

Further south it is worried hy the spread of thornbush into impenetrable thickets on commercial farms, because browsing game animals are fewer in number and loss of grass around waterpoints gives the bush a chance.

Argo Rust, a tall, wiry man who farms near Windhoek Airport, is proposing a controversial answer to both problems. Cattle, he believes, can cure as well as cause the degradation of arid land.

He has pursued that principle for 25 years and has doubled to 600 the number of cattle his small (by Namibian standards) farm can carry. To spread his ideas, which are controversial with agricultural advisers, he founded in 1989 the Namibia Centre for Holistic Resources Management, which has 65 members.

Success has eoabled him to give a better deal to his seven workers. "If you want to involve your labour force, they must understand the goal and be part of it," be says.

> 'After a few years I realised this is one way we can stop desertification of the veld'

"That can happen only if their quality of life is addressed.

They see a future for themselves."

In the 1960s he took over the 4,000-hectare family farm, Sonnleiten. It had only 300 cattle, and had suffered from use for milk production in the war. He was advised to destroy encroaching bush and reduce the number of cattle, neither of which he could afford to do.

Instead, he pursued the ideas of a Rhodesian, Alan Savory, who had noticed that national parks, with their big, constantly moving herds of game, had good-grass.

The problem, says Mr Rust, is not the number of animals but the time they spend on a piece of land. If the time is carefully controlled, the boofs of a big herd break up the hard surface and their dung manures it, encouraging grass to grow and prevent thornbush seedlings from establishing themselves.

He also decided on a holistic approach, avoiding poisonous chemicals that could harm the important dung beetles. He relies on birds to keep down ticks.

Fences are used to divide his land into wedge-shaped paddocks around waterpoints. Cattle stay in each paddock only for a limited time. "After a few years I realised this is one way we can stop desertification of the veld," he says.

He points out that similar results could be achieved without fences on communal land by herding the cattle from place to place. He has been surprised to find that grass germinates best in corridors where cattle tramped most.

Some of his land was like concreta, yet it recovered despite below-average rain, which suggests to him that even the worst land can be restored. Given the hard surface, however, he does not believe it will recover on its own.

He now has 600 cattle. German researchers discovered that his land had a higher percentage of perennial grasses than land farmed conventionally by the agricultural college next door.

Norway forecast to move into second place in oil exports league

By Karen Fossli in Oslo

A sharp rise in oil production and the commissioning of several new fields in 1995 is expected to make Norway, western Europe's biggest crude producer, the world's second largest oil exporter behind Saudi Arabia next year.

According to Petroleum Intelligence Weekly, Norway's oil liquids production will rise from 2.66m barrels a day this year to 2.97m in 1995, before peaking at 3.22m in 1996.

Production is projected to dip to 3.11m b/d in 1997 when it begins a sharp downturn into the next century.

Domestic oil consumption averages 170,000 b/d, leaving net exports of 2.5m b/d this year, compared with second-placed Iran's shipments abroad of between 2.4m and 2.7m b/d on wellhead output of 3.6m.

So far this year, Norway's production is running 10 per cent ahead of last year's levels – even with large output losses due to annual field maintenance in August and September - but could end 12 per cent up on 1993.

However, official production forecasts could be conservative, as new technology and enhanced oil recovery methods have allowed oil companies to avoid precipitous declines in output in recent years.

Alongside continuing production growth from fields such as Brage and Draugen, which started up during the past 20 months, and tbe hook-up of smaller fields into existing production systems, the largest single increment next year is expected from the 230,000 b/d Heidrun field in the mid-Norwegian Haltenbank region. Troll West oil, at 160,000 b/d, is scheduled to come on stream late next year along with the 60,000 b/d Statfjord North satellite.

Earlier this month, the 40,000 b/d Statfjord East field commenced production but PIW anticipates that, given capacity limitations at the central processing platform, output from the prolific Statfjord field may have to be curtailed to allow maximum production from new fields.

The Norne field, due to start production July 1997, will add 160,000 b/d to output, but pending tbe outcome of negotiations between oil companies and the government on participation rates and royalties, the timing of other Haltenbanken developments remains uncertain, though Norway is keen to extend production at the highest levels possible over the longest period of time.

End of line for aluminium ore association

By Canute James in Kingston

Members of the International Bauxite Association bave agreed that it will he dissolved on December 31, saying that the industry and the market for the aluminium bearing ore have become "more transparent" and are no longer "dominated by a few companies".

The dissolution of the producers' group 20 years and one month after its formation, followed the withdrawal of some members and a decision by Jamaica, where the association has its beadquarters, tbat it was leaving because the IBA was no longer relevant to its needs.

A communiqué issued after an extraordinary meeting of the IBA's council of ministers said that when the association was formed, the bauxite mining and refining industry was dominated by "a few multinational corporations who largely determined the prices paid to producers. With membership which between them produced over 80 per cent of the world's bauxite and about one half of its alumina output, the IBA was able to achieve for its members, adequate returns through a mutual exchange of information".

In announcing earlier this year that Jamaica would recommend the dissolution of the IBA, Mr Robert Pickersgill, the island's mining minister, said that its members' ahare of world bauxite production had fallen to about 25 per cent. "We have said to the other members that we do not think that we are progressing, and that we want an end to the IBA."

The association, which bauxite and alumina (aluminium oxide) consumers had feared would have become a cartel, has acted as a data bank for its members, allowing them to exchange information and ideas on the state of the industry. It received a setback two years ago when Australia, its most important member, pulled out, questioning the IBA's relevance. India, another founding member, also left the group.

This deprived the IBA of about 40 per cent of its budget, and the situation was worsened by a high level of delinquency among the remaining members. The association lists its members as Ghana, Guinea, Guyana, Indonesia, Jamaica, Sierra Leone and Surinam. Before Australia pulled out, the IBA had lost two of its founding members – the Dominican Republic and Haiti – because their industries were shut down. It also lost another founding member with the break-up of Yugoslavia.

The IBA was unsuccessful in expanding its membership, and failed to attract producers such as Brazil despite repeated attempts. It also failed to broker a commodity pact between bauxite producers and consumers under the aegis of the UN Committee on Trade and Development because of a lack of support from either side, and because bauxite could not be organised in pacts similar to those for other commodities. The operations of the association were also adversely affected by the failure of several members to pay their subscriptions to finance the body.

In deciding to dissolve the IBA, the members maintained that it had been valuable to bauxite producers. "Technical and market information supplied by the secretariat equipped members with a clearer understanding of the industry," the council of ministers said. "This vital ingredient enhanced not only the quality of negotiations with companies, but facilitated the development of further processing activities. The market has become more transparent and the industry is no longer dominated by a few companies."

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1880-2	1881-3
Previous	1837-8	1859-60
High/low	1876/1875	1908/1870
AM Official	1875.5-6	1896.5-7
Kerb close		1887-8
Open int.	281,432	
Total daily turnover	57,090	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1840-50	1870-80
Previous	1840-50	1875-80
High/low		1900
AM Official	1860-70	1895-905
Kerb close		1895-905
Open int.	2,765	
Total daily turnover	297	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	674.5-5.5	689-90
Previous	667-8	683.5-4
High/low	671	684/684
AM Official	672.5-3	685.5-6
Kerb close		692-3
Open int.	44,683	
Total daily turnover	9,166	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7495-505	7610-5
Previous	7430-40	7550-60
High/low	7535	7670/7550
AM Official	7535-40	7645-50
Kerb close		7620-30
Open int.	67,567	
Total daily turnover	18,004	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6265-75	6360-5
Previous	6135-45	6230-5
High/low		6400/6240
AM Official	6275-85	6370-5
Kerb close		6365-70
Open int.	20,307	
Total daily turnover	7,251	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1161.5-2.5	1183-4
Previous	1148.5-9.5	1170-1
High/low	1161	1189/1168
AM Official	1160.5-1	1182-2.5
Kerb close		1182-3
Open int.	106,962	
Total daily turnover	16,413	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2754-5	2704-5
Previous	2712-4	2691-3
High/low	2770/2765	2732/2690
AM Official	2768-70	2716-7
Kerb close		2703-4
Open int.	224,500	
Total daily turnover	77,738	

■ LME AM Official £/$ rate: 1.6204
LME Closing £/$ rate: 1.6130

Spot:1.6125 3 mths:1.6112 6 mths:1.6084 9 mths:1.6060

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Nov	125.00	-2.00	127.60	125.00	1,368	241
Dec	123.70	-2.80	126.80	123.50	40,521	2,465
Jan	122.80	-2.70	125.55	124.10	857	157
Feb	121.60	-2.90	123.90	123.90	578	5
Mar	120.60	-3.10	123.00	126.00	9,801	2,203
Apr	119.25	-3.20	-	-	702	10
Total					62,281	5,984

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.50-383.90	
Opening	383.70-384.10	
Morning fix	383.90	236.494
Afternoon fix	383.80	236.549
Day's High	384.20-384.60	
Day's Low	383.20-383.60	
Previous close	383.50-383.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.50	6 months	5.14
2 months	4.83	12 months	5.53
3 months	4.91		

Silver Fix	p/troy oz.	US cts equiv.
Spot	328.10	532.00
3 months	332.85	539.20
6 months	338.20	547.00
1 year	350.90	565.46

Gold Coins	$ price	£ equiv.
Krugerrand	386-389	238-240
Maple Leaf	393.95-396.45	-
New Sovereign	90-93	55-58

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Nov	383.1	-1.1	384.0	383.0	-	-
Dec	384.4	-1.1	385.4	384.2	04,877	19,061
Jan	386.1	-1.1	-	-	-	-
Feb	388.0	-1.1	388.9	387.8	20,431	3,188
Apr	391.7	-1.1	392.7	391.6	9,860	423
Jun	395.4	-1.1	396.3	395.8	9,735	755
Total					163,029	25,767

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Jan	419.4	-2.1	-	-	18,234	2,135
Apr	423.9	-2.1	422.5	418.5	4,833	521
Jul	428.6	-2.1	426.5	423.0	1,802	548
Oct	433.7	-2.1	-	-	497	66
Jan	438.7	-2.1	-	-	10	-
Total					25,176	3,270

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Dec	161.55	-1.10	163.00	161.35	4,557	1,036
Mar	163.25	-1.00	164.50	162.80	2,701	286
Jun	164.25	-1.00	-	-	465	2
Sep	165.00	-1.00	-	-	31	-
Total					7,754	1,324

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Nov	526.8	-4.8	-	-	-	-
Dec	528.7	-4.8	534.0	527.0	73,642	14,303
Jan	531.3	-4.8	533.0	533.0	87	3
Mar	537.2	-4.8	542.5	536.0	20,241	1,303
May	543.1	-4.8	548.5	542.0	4,723	160
Jul	549.3	-4.8	551.5	549.0	4,262	342
Total					114,991	17,001

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	18.77	-0.10	18.93	18.77	67753	58603
Jan	18.49	-0.15	18.66	18.48	76402	29711
Feb	18.28	-0.15	18.43	18.28	37061	11773
Mar	18.28	-0.10	18.29	18.20	25117	5593
Apr	18.10	-0.10	18.10	18.09	18255	3283
May	18.06	-0.07	18.10	18.00	12068	1320
Total					391,780	119,865

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	17.53	-0.06	17.59	17.39	73,703	27,280
Jan	17.07	-0.04	17.18	16.98	58,547	22,044
Feb	16.85	-0.07	16.95	16.80	20,374	6,847
Mar	16.70	-0.06	16.79	16.66	12,793	3,109
Apr	16.64	-0.04	16.68	16.61	4,960	94
May	16.57	-0.06	16.57	16.57	3,008	950
Total					184,229	60,421

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	51.00	-0.20	51.25	50.75	47,144	17,088
Jan	51.45	-0.17	51.60	51.30	34,544	6,422
Feb	51.85	-0.17	52.05	51.75	21,578	2,890
Mar	51.60	-0.12	51.75	51.50	11,517	875
Apr	50.90	-0.07	50.90	50.70	7,556	246
May	50.20	-0.12	50.20	50.15	5,567	58
Total					153,286	29,827

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	153.25	+0.50	154.25	152.75	23,751	8,784
Dec	155.50	+0.50	156.25	155.00	28,840	5,474
Jan	157.00	+1.00	157.75	156.75	20,301	2,533
Feb	158.25	+1.25	158.25	157.50	8,857	968
Mar	158.00	+1.00	158.25	157.50	9,268	793
Apr	158.25	+1.25	158.50	156.00	714	328
Total					103,984	17,079

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	1.870	+0.001	1.882	1.845	28,447	15,694
Jan	2.020	-0.007	2.045	2.005	16,784	4,868
Feb	1.970	-0.007	1.985	1.960	12,833	2,062
Mar	1.920	-0.002	1.930	1.915	12,482	981
Apr	1.880	+0.008	1.880	1.870	6,925	306
May	1.880	+0.008	1.880	1.870	6,610	211
Total					133,075	28,180

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	58.30	-1.22	58.50	58.50	31,551	21,368
Jan	58.50	-0.89	57.25	58.80	16,987	8,917
Feb	55.05	-0.24	56.25	56.00	6,797	1,519
Mar	56.20	-0.29	58.20	56.00	4,128	798
Apr	58.70	-0.24	58.70	58.70	4,775	166
May	58.35	-0.04	58.50	58.50	1,752	2
Total					68,894	32,814

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	104.60	-0.65	105.00	104.65	759	67
Jan	106.20	-0.75	106.70	106.20	1,962	85
Mar	108.15	-0.85	108.75	108.25	1,909	21
May	110.20	-0.75	110.75	110.30	1,592	70
Jul	111.95	-0.80	-	-	120	-
Sep	95.75	-0.75	96.00	95.70	40	15
Total					6,491	281

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	387/6	-4/4	393/0	387/0	35,790	9,172
Mar	389/0	-4/8	403/6	386/0	25,336	4,544
May	378/2	+2/6	380/0	377/0	4,166	513
Jul	347/4	+1/4	350/0	346/0	10,104	1,687
Sep	352/2	-0/2	352/2	352/2	281	25
Dec	363/0	-2/0	363/6	363/0	150	4
Total					75,731	15,361

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	215/2	-0/4	216/0	215/0	114,327	21,032
Mar	226/2	-0/4	227/4	226/0	63,331	4,886
May	234/2	-0/4	234/6	234/0	23,438	1,124
Jul	239/6	-0/4	240/4	239/4	33,159	2,010
Sep	244/4	-0/4	245/0	244/2	3,033	40
Dec	249/0	-0/4	249/4	249/0	14,401	828
Total					254,863	28,984

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	100.75	-0.25	-	-	75	-
Jan	103.15	-0.25	-	-	441	-
Mar	105.75	-	-	-	150	-
May	107.50	-	-	-	48	-
Sep	92.00	-1.60	-	-	40	-
Total					755	-

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	546/2	+0/4	547/6	544/6	13,253	12,155
Jan	558/0	+0/4	559/4	556/0	30,867	25,064
Mar	568/0	+0/2	569/4	566/2	25,377	2,490
May	579/2	-0/4	577/4	574/4	12,264	571
Jul	582/6	+0/2	584/0	581/2	20,767	1,451
Aug	585/4	-0/6	587/4	585/0	1,567	35
Total					102,420	43,092

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	28.87	+0.53	28.95	28.32	34,886	12,100
Jan	26.40	+0.40	25.55	25.41	18,264	4,161
Mar	26.12	+0.22	25.17	24.75	14,036	3,603
May	24.61	+0.09	24.75	24.39	12,138	822
Jul	24.30	+0.02	24.50	24.15	7,285	633
Aug	24.20	+0.01	24.25	24.05	2,359	51
Total					97,927	22,046

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	158.5	-1.1	160.2	158.2	39,784	7,784
Jan	160.3	-0.9	161.5	160.0	18,524	3,603
Mar	164.3	-1.0	165.5	164.1	15,733	2,056
May	168.5	-0.9	169.6	168.2	8,795	558
Jul	172.5	-0.5	173.3	172.7	9,053	1,131
Aug	174.3	-0.8	175.4	174.3	1,583	187
Total					98,463	15,802

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	150.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	225.5	+3.2	225.5	223.0	1,480	27
May	235.0	-7.5	-	-	-	-
Jun	92.0	-1.0	-	-	-	-
Total					1,480	27

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	1770	-30	1780	1750	278	24
Dec	1655	-29	1710	1675	317	82
Jan	1680	-35	1695	1625	1,055	51
Apr	1608	-37	1600	1595	893	5
Jul	1438	-12	1425	1425	137	5
Oct	1446	-32	-	-	17	-
Total					2,697	168

	Close	Prev
BFI	1862	1858

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	945	+3	948	942	20,802	1,012
Mar	974	+4	975	969	42,876	2,615
May	983	+5	985	980	14,705	1,271
Jul	996	+6	996	994	12,694	91
Sep	1007	+3	1009	1005	12,694	17
Dec	1024	+3	1029	1025	9,342	184
Total					112,619	5,177

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	1319	-7	1335	1317	24,065	4,513
Mar	1347	-10	1362	1345	29,246	3,542
May	1373	-12	1388	1371	7,952	324
Jul	1396	-12	1406	1400	3,137	423
Sep	1423	-8	-	-	1,485	225
Dec	1457	-8	1465	1464	4,949	55
Total					75,981	9,096

■ COCOA (ICCO) (SDR's/tonne)

November 2	Price	Prev. day
Daily	979.15	981.67

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	3340	+17	3340	3270	990	263
Jan	3383	+20	3395	3315	13,299	2,708
Mar	3348	+10	3398	3300	8,660	1,709
May	3330	+9	3335	3275	3,337	277
Jul	3300	-3	-	-	1,359	-
Sep	3285	-13	3265	3260	1,465	60
Total					29,928	5,017

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	180.70	+2.40	182.25	177.25	11,946	6,704
Mar	183.55	+2.45	187.00	182.00	12,525	5,189
May	187.60	+3.10	188.20	184.25	5,150	556
Jul	189.00	+0.50	191.30	188.50	1,763	382
Sep	190.80	+0.60	192.00	188.75	987	203
Dec	190.50	+1.00	192.50	189.00	616	63
Total					33,417	13,123

■ COFFEE (ICO) (US cents/pound)

November 2	Price	Prev. day
Comp. daily	172.04	178.96
15 day average	182.64	183.23

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	13.00	-	-	-	-	-
Mar	13.05	-	-	-	90	-
May	13.44	-0.01	13.44	13.44	400	160
Jul	13.13	-	-	-	450	-
Total					940	160

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	364.80	-1.60	365.40	363.00	2,764	134
Mar	357.80	-0.80	358.50	356.50	8,535	1,172
May	354.40	-2.00	355.50	353.80	3,056	168
Aug	349.50	-2.60	351.00	350.00	3,099	95
Oct	325.00	-2.10	326.00	325.00	909	13
Dec	323.80	-2.10	-	-	17	-
Total					18,381	1,582

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	13.10	-0.03	13.20	13.12	100,823	31,039
May	13.10	-0.03	13.21	13.12	27,970	7,476
Jul	13.03	-0.08	13.07	13.00	17,075	3,081
Oct	12.54	+0.01	12.58	12.50	14,948	2,036
Mar	12.14	+0.01	12.20	12.12	2,109	322
May	12.14	+0.01	12.15	12.13	61	45
Total					163,098	43,956

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	71.94	-0.33	72.60	71.76	23,756	4,637
Mar	73.29	-0.26	73.95	73.20	16,343	1,352
May	74.40	-0.27	74.90	74.26	7,157	608
Jul	75.15	-0.20	75.50	74.85	4,263	102
Oct	70.42	-0.03	-	-	597	36
Dec	69.42	+0.02	69.55	69.35	2,863	93
Total					54,999	6,828

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	108.60	+1.15	109.50	108.50	779	189
Jan	112.85	+1.35	113.60	111.30	14,464	1,026
Mar	116.40	+1.10	116.90	114.90	5,367	152
May	119.60	+0.95	120.35	118.00	1,592	11
Jul	122.60	+0.45	123.00	123.00	910	4
Sep	125.15	+0.70	125.95	124.00	859	62
Total					25,327	1,444

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	70.250	-0.300	70.550	70.150	30,306	9,835
Feb	69.150	-0.250	69.375	69.100	21,028	4,207
Apr	69.575	-0.225	69.825	69.550	13,312	2,228
Jun	65.800	-0.225	65.825	65.550	4,681	578
Aug	64.600	-0.200	64.650	64.550	1,512	181
Oct	65.375	-0.175	65.550	65.375	288	68
Total					71,132	17,087

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	34.175	-0.100	34.550	33.525	17,583	3,453
Feb	36.550	+0.150	37.250	36.175	8,950	2,384
Apr	37.050	-0.200	37.575	36.850	4,706	740
Jun	42.600	-	42.800	41.550	2,285	290
Jul	41.850	+0.200	42.000	41.450	408	20
Aug	38.800	+0.200	39.150	38.450	335	57
Total					34,983	7,007

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	42.300	+0.225	42.750	41.300	8,076	2,550
Mar	42.400	+0.025	42.800	41.400	1,276	425
May	43.125	+0.025	43.600	42.750	313	42
Jul	44.200	+0.300	44.650	43.400	329	24
Aug	43.400	-0.100	43.400	42.300	76	4
Total					10,070	3,045

LONDON TRADED OPTIONS

Strike price $ tonne	— Calls —		— Puts —	
■ ALUMINIUM (99.7%) LME	Dec	Mar	Dec	Mar
1850	90	126	56	66
1875	77	113	68	92
1900	65	105	81	105
■ COPPER (Grade A) LME	Dec	Mar	Dec	Mar
2600	155	137	41	105
2650	123	114	59	130
2700	96	93	80	158
■ COFFEE LCE	Jan	Mar	Jan	Mar
3400	222	305	239	357
3450	202	288	269	390
3500	185	272	302	424
■ COCOA LCE	Dec	Mar	Dec	Mar
950	13	68	16	44
975	5	55	35	56
1000	2	45	57	71
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1650	96	91	6	46
1700	51	71	13	72
1750	25	51	32	103

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Dec)

		+or-
Dubai	$16.20-6.35z	+0.25
Brent Blend (dated)	$17.91-7.93	+0.295
Brent Blend (Dec)	$17.58-7.60	+0.285
W.T.I. (1pm est)	$16.84-6.85z	+0.27

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$182-185	
Gas Oil	$156-157	
Heavy Fuel Oil	$100-102	
Naphtha	$170-172	
Jet fuel	$181-182	+1.0
Diesel	$182-184	+1.5

Petroleum Argus. Tel. London (071) 359 8792

■ OTHER

Gold (per troy oz)♣	$383.70	
Silver (per troy oz)♣	529.5c	
Platinum (per troy oz.)	$418.25	+1.00
Palladium (per troy oz.)	$161.25	+1.25
Copper (US prod.)	132.0c	+1.0
Lead (US prod.)	40.25c	
Tin (Kuala Lumpur)	15.65c	+0.64
Tin (New York)	293.0c	+5.0
Cattle (live weight)†	114.76p	+0.35'
Sheep (live weight)†♠	99.67p	+6.51'
Pigs (live weight)	73.90p	+0.39'
Lon. day sugar (raw)	$327.20	+4.90
Lon. day sugar (wte)	$389.50	+6.00
Tate & Lyle export	£314.00	+5.00
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	Unq.	
Wheat (US Dark North)	Unq.	
Rubber (Dec)♥	88.25p	
Rubber (Jan)♥	85.75p	
Rubber (KL RSS No1 Jul)	340.5m	
Coconut Oil (Phil)§	$682.5v	+22.5
Palm Oil (Malay.)§	$682.5t	+12.5
Copra (Phil)§	$415.0v	+3.0
Soyabeans (US)	£154.0v	+2.0
Cotton Outlook'A' index	75.90c	
Wooltops (64s Super)	440p	-11

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Oct/Dec. v Nov/Dec. u Oct/Nov. z Dec. t Nov. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). ' Change on week ☉ Prices are for previous day.

Wool

The wool market, which was accelerating very close to a new seasonal peaks under the lead of finer merinos in Australia, turned easier this week. The merinos which previously had risen so strongly eased most sharply, while broader types maintained steadiness. The week closed with some uncertainty about whether the worst was over or not. The market indicator in Australia fell from 802c to 781c/kg. Many in the trade still express long-term confidence in the supply/demand outlook as a basis for firm prices, but when it comes to day-to-day trading everyone agrees that price rises in recent months have been very difficult to pass on. There is also talk of increasing use of man-made fibres in blends, as wool gets dearer.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

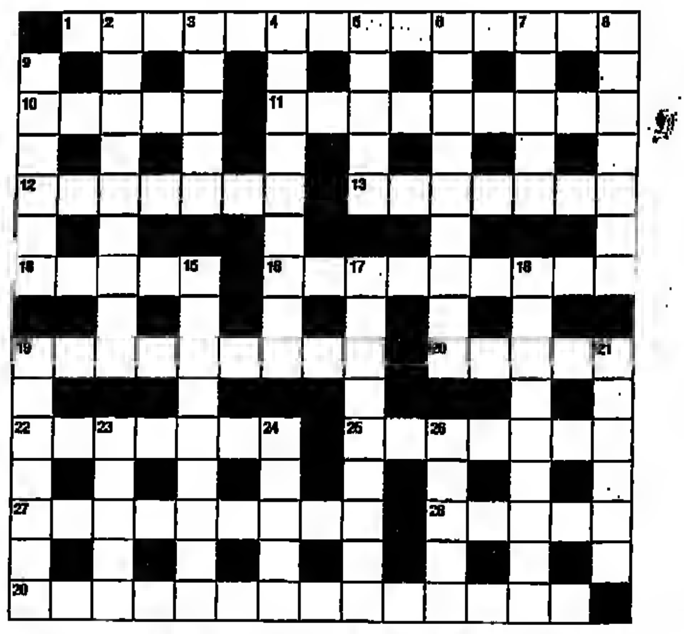
Nov 3	Nov 2	month ago	year ago
2104.2	2105.0	2094.3	1615.1

■ CRB Futures (Base: 1967=100)

Nov 2	Nov 1	month ago	year ago
234.61	233.50	229.86	216.09

CROSSWORD

No.8,602 Set by DOGBERRY



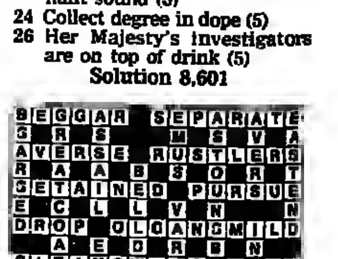
ACROSS

1 Alternative to stunted relative holding on and opening island (14)
10 Forever turning on brown girl (5)
11 Parrot receives votes cast by Romeo and Juliet, say (4,5)
12 Heavenly barmony, ultimately, is reflected in flair (7)
13 Clotbes ripped without purpose (7)
14 Not one to complain about beds with one in (5)
16 Pre-empt disease with odds-off speculation (9)
19 Get involved in worry about centre of Everest (9)
20 Track records to order (5)
22 Note inclusion of one sucb wild flower (7)
25 Club that's after returning officer in ill-kept house (7)
27 Make decapitated bird come back in to revive (9)
28 Venetian leader catches Danisb leader with trick (5)
29 Godfather's business, or dirt in wbich dance is choreographed (9,5)

DOWN

2 Girl in agony proved model mate for Billy (5,4)
3 Not bad for a holy beast (5)
4 Wine producer receives book on beer from saint (9)
5 No time for original rock-steady comeback (5)
6 School that's about teachers holding np birds (9)
7 Feature about love on the end of a rope (5)
8 Deceased still in baby clothes (7)
9 Pressure rising in dessert spoon (5)
15 Crime writer's incomplete article of faith (9)
17 Test's not finished: go on a spree (9)
18 Stream diverted by barrier into city (9)
19 Deduce no scene of torment (7)
21 Girl edging into chaos (6)
23 Extended family force resonant sound (5)
24 Collect degree in dope (5)
26 Her Majesty's investigators are on top of drink (5)

Solution 8,601



JOTTER PAD

هكذا من الأصل

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE Index regains 3,100 towards the close

By Terry Byland,
UK Stock Market Editor

The reappearance of the Federal Reserve in the currency markets brought a hurried scramble for stock in the UK equity market towards the close of yesterday's trading session. The Footsie 3,100 mark was recaptured for the second time in volatile trading which also inspired a strong list of individual company features.

The final reading put tha FT-SE 100 Index at 3,104.4, a net gain of 23.1. The Footsie had cleared 3,106 at midsession as British government bonds responded favourably to the better performance overnight in US bonds and the dollar. But the rise of 25.3 on the Footsie was cut back sharply when news of a 2.6 per cent gain in US home sales for October weakened the dollar. The Fed's renewed support for the US currency came late in the London trading day and triggered a swift response.

UK strategists expressed satisfaction last night with the Fed's evident determination to support the dollar, but said that the market will focus closely today on the US October payroll statistics. These are expected to show a sharp increase and could thus renew the threat to the dollar, and to European bond and equity markets. The Dow Industrial Average also turned round in UK trading hours to show a gain of around 15 points in early deals.

The market was active from the opening of business, with Elf-Aquitaine selling its near 10 per cent stake in Enterprise Oil as it bought a stake in Renault, the French car manufacturer, whose partial privatisation got under way yesterday.

The 50.7m-share Enterprise stake, double-counted on the Seaq network as BZW and Cazenove passed the shares on, boosted the day's volume total, which received a further lift when a Swiss-based fund management group purchased a stake in Northern Foods; without these deals, the day's trading volume would have remained unexciting.

The day's final Seaq turnover total of 683m shares compared with 558.7m on Wednesday. About 52 per cent of the day's business was done in non-Footsie stocks, somewhat below recent averages.

The FT-SE Mid 250 Index, taking in a range of second line stocks which pay less heed to currency markets, added 8.8 at 3,530.8.

The stock market continued to assess prospects for domestic interest rates in the wake of this week's inflation report from the Bank of England. Fears of an immediate rise in base rates have subsided, but the market has not changed its perception that base rates will move higher around the turn of the year. The UK Treasury's panel of independent economic forecasters yesterday called for a neutral budget from the chancellor of the exchequer in a few weeks time, but some members believed that further rate rises would na necessary "in due course".

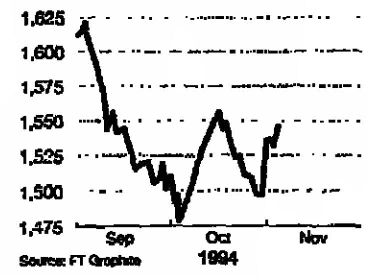
Dollar stocks headed the rebound in the market. Oil shares were particularly strong, still responding to the good trading results announced from the sector leaders. The Enterprise Oil deal inspired activity among the second line issues.

Pharmaceuticals also stood out well, although Boots failed to find favour in spite of a successful performance in the US by its anti-arthritis drug.

Among the interest rate-related issues, store groups showed up firmly, with market traders hoping that the all-important Christmas selling period would oot be blighted by any upward move in domestic interest rates.

The market sounded more confident thao for some weeks, with some analysts convioced that the US Federal Reserve would continue to support the US dollar successfully over the period of the US mid-term elections. Stability in currencies would offer the opportunity for UK equities to stage a year-end rally.

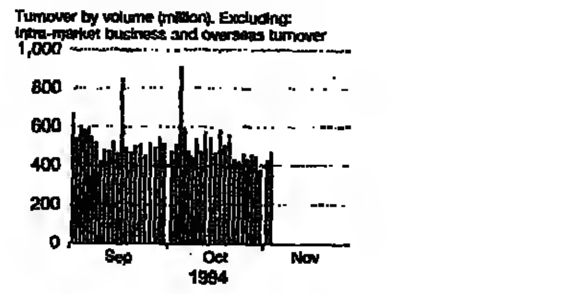
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3104.4	+23.1	FT Ordinary index	2377.2	+21.8
FT-SE Mid 250	3530.8	+8.8	FT-SE-A Non Fins p/e	18.88	(18.80)
FT-SE-A 350	1555.2	+9.8	FT-SE 100 Fut Dec	3118.0	+22.0
FT-SE-A All-Share	1540.02	+91.0	10 yr Gilt yield	8.79	(8.85)
FT-SE-A All-Share yield	3.93	(3.95)	Long gilt/equity yld ratio:	2.24	(2.24)

Best performing sectors		Worst performing sectors	
1 Pharmaceuticals	+1.6	1 Textiles & Apparel	-1.3
2 Insurance	+1.5	2 Extractive Inds	-1.1
3 Tobacco	+1.2	3 Water	-0.9
4 Banks	+1.1	4 Building & Construc	-0.5
5 Electronic & Elec Eqpt	+1.1	5 Property	-0.4

Northern Foods in big trade

Leading food manufacturer *Northern Foods saw exceptionally heavy trade late in the day which prompted* well-founded speculation that one of its biggest *stakeholders had sold out.*

Larga blocks of shares adding up to a total of 21m were all sold at 195p to PDFM, the fund management group which already holds 10 per cent of the group.

Northern said it was unperturbed by the change of ownership and unaware of the seller's identity. If all the trades represented ooe side of the exchange, they would amount to more than 3.5 per cent of the company's shares. Several analysts said the seller might have been Norwich Union, which in August was recorded as owning 3.52 per cent of the group. The East Anglian insurance group was unavailable for comment last night.

Northern Foods is expected to suffer in the short term from the recent deregulation of the milk industry – milk deliveries account for a large part of the company's husloess. On the other hand, Northern's shares have fallen hy a third over the past two years and PDFM has a reputation for buying shares on weakness. Northern's shares closed a penny softer at 199p.

Enterprise sale

The long-awaited sale by Elf Aquitaine, the French state-owned oil company, of its near 10 per cent shareholding in Enterprise Oil, largest of the UK oil exploration companies, did little harm to Enterprise shares, which finished only a penny cheaper at 385p. Turnover, swollen by double-counting of the placing, reached 128m shares.

Elf sold 50.8m Enterprise shares, its entire stake plus some stock jointly owned with Enterprise, comprising overall 10.3 per cent of Enterprise's equity. The stock was placed with international investors hy a syodicate led by BZW and including Cazenove and Dresdner Bank. The deal involved a bought deal, with the syndicate believed to have paid 365p apiece for the shares and placed them at 369p, realising a profit of around £2m.

Mr Steve Turner of Nomura said: "In the short term there may be a bit of indigestion, hut longer term it removes a major overhang from the shares."

The placing triggered heavy switching across the sector, with institutions selling hlocks of Clyde Petroleum and Lasmo in order to huy into Enterprise on the view that the Enterprise stock was being sold at the year's low point. Lasmo was 1½ firmer at 147½p after turnover of 5.4m, while Clyde, where a block of 4.7m shares, or just over 1 per cent, was sold at 37p, held at 39p.

Boots upset

Stores and pharmaceuticals group Boots fell in reaction to disappointment over the group's half-year results aod statement. There was also a sense of deflation wben the company failed to announce details of the sale of its pharmaceuticals arm.

However, the lack of disposal news failed to stop e welter of speculation on the timing of a disposal and the ultimate recipient.

Most analysts bave set a £900m price tag on the drugs arm and there were strong rumours that Astra would buy and Boots was planning a special board meeting today. However, both the Swedish drug company and the Nottinghamshire retailer slrenuously denied the talk. Other oames mooted were Knoll, which is part of BASF, Menarini, of Italy, Ciba and Zeneca. The purchase was, however, said to be too dear for Zeneca.

Boots fell 20 at first hut rallied to close 10 off at 519p.

Takeover talk and a strong dollar gave a fillip to the pharmaceuticals sector. The main story was an old one that had been given a new coat of paint. Dealers suggested tbat a hid of 170p a share would be mada for Fisons, whose shares gave a late spurt to close 3½ higher at 117½p in spite of cynicism from analysts. There was also said to be some active huying of traded options.

Zeneca was said to be either making a bid for Boots or receiving an offar from a rival. The shares were also benefiting from reports that it is considering forming joint vantures or links with US healthcare suppliers and a deal is likely within four months.

Vickers' City presentation confirmed all and more that analysts had been hoping to hear, with the group talking boldly of a partner for its Rolls-Royce Motor Cars uoit before the end of the year, plus a big order back-log in defence where there could also soon be news of European collaboration.

The company would not be drawn on whether its prospective Rolls-Royce partoer was either Daimler-Benz or BMW, both German groups, hut yesterday the stock market had few doubts and the shares put on a further 4 at 183p in 1.8m volume for a four-day gain of close to 10 per cent.

A downbeat review of the property sector from NatWest Securities pushed the stocks lower against the day's trend, with British Land and Brixton Estate among the hardest hit, shedding 6 to 397p and 3 to 186p respectively.

The securities house has moved its sector stance from oeutral to underperform following a reduction in its estimates for the growth of oet asset values this year and next. It singles out British Land, Brixton and Great Portland Estates (down 2 at 189p) as the most exposed stocks.

Other features among engineers included Laird Group, hest known for its motor vehicle sealing systems, which jumped 15½ to 370p in nominal trading volume.

Legal & General, which held at 436p, was one of the market's most heavily traded stocks, with turnover reaching 11m as one institution sold a block of 4m shares at 432p via an agency cross.

Royal Insurance attracted strong support in the options market, as well as being boosted by hroker recommendations ahead of next Thursday's third-quarter results. The shares settled 8½ higher at 309½p.

Marley, the building materials group, moved up 3 to 135p after a UBS huy note, while Blue Circle hardened 3 to 284p after a recommendation from Robert Fleming.

British Airways moved forward 7 to 366½p following an increase in traffic flows for October substantially ahead of the 5 per cent or so that most analysts had heen expecting. The airline's revenue passenger kilometres rose hy 6.8 per cent, although the growth in premium traffic slowed sharply.

The session saw 3m shares dealt, plus heavy stock options activity. Inevitably the excitemeot washed over on to airports group BAA, which gained 7 at 522p in advance of Monday's results statement.

MARKET REPORTERS:
Steve Thompson,
Peter John,
Jeffrey Brown.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (20).
GILTS (1) CHEMICALS (1) European Colour, **DISTRIBUTORS (2)** REA, Wilshaw, **ENGINEERING (2)** Black & Decker, FR Group, **ENG. VEHICLES (1)** Abbey Panels, **EXTRACTIVE INDS (2)** Impala Platinum, Western Metals, **FOOD MANUF (1)** Williamson, **LEISURE & HOTELS (1)** David Lloyd, **OTHER FINANCIAL (2)** Intl. Inv. Tst. Jersey, Jupiter Tyndall, **OTHER SERVS & BUSNS (1)** Anglo-East Plants., **RETAILERS, GENERAL (1)** Goldsmiths, **SUPPORT SERVS (2)** Capitol, Sage, **WATER (1)** South Staffs, **AMERICANS (2)** Amdahl, Lowe's.
NEW LOWS (72).
BANKS (1) Espirito Santo, **BREWERIES (1)** Fuller STA, **BUILDING & CNSTRN (2)** AMEC, Bellwinch, **BLDG MATLS & MCHTS (2)** Dyson (J & J) A, Heywood Williams, **DISTRIBUTORS (3)** Diploma, SEP Indl., Do Prfd., **DIVERSIFIED INDLS (1)** Suter, **ELECTRNC & ELECT EQUP (1)** Gestetner, **ENGINEERING (6)** Ferrum, GBE Int'l., Locker (T) A, MS Int'l., McKechnie, Morgan Crucible 7½pc Cv Prf., **FOOD MANUF (1)** West Trust, **HEALTH CARE (1)** Specialeyes, **INSURANCE (2)** Fenchurch, Syndicate Capital, **INVESTMENT TRUSTS (13) INVESTMENT COMPANIES (1) LEISURE & HOTELS (6)** Airtours 6½p Cv. Pf., Buckingham Int'l., City Centre Rests., European Leisure, Farringford, First Leisure, Quadrant, Thorn EMI, **MEDIA (2)** Trinity Int'l., WMGO, Do Wrts., **OTHER FINANCIAL (2)** Exco, Towry Law, **OTHER SERVS & BUSNS (3)** Esselte, Headway, Leigh Interests, **PRTNG, PAPER & PACKG (2)** API, Bemrose, **PROPERTY (4)** Allied Lon. 5½pc Prf., Bradford Prop., Dagen, English & Overseas Props., **RETAILERS, GENERAL (5)** Beattie (J) A, Flying Flowers, Kingfisher, Kleeneze, Orlliame Int'l., **SUPPORT SERVS (2)** Johnson Cleaners, Oxford Molecular, **TEXTILES & APPAREL (5)** Beckman (A), Campari Int'l., Drummond, Hartstone, Sirdar, **TRANSPORT (2)** Norish, Ocean Group, **AMERICANS (1)** Quaker Oats.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures moved back on to the offensive, climbing confidently back above 3,100 and wiping out most of the previous two days' losses, *writes Jeffrey Brown.*

The FT-SE 100 December contract led the cash market for almost tha whole of the session, tha premium rarely dipping below 20 points and at times moving out to 25 points.

Trading volume was slightly *short of Wednesday's level*, but dealers said their was a *much better base to business*, with e number of old faces *putting in a reappearance.*

According to one trader, *there were clear signs of* Continental buying for the first *time since mid-summer,* with a number of sizeable Swiss and Austrian deals going through.

The size and apparent durability of the premium over cash equities also triggered fair levels of arbitrage activity.

At the official 4.10pm close the December contract stood at 3,118, up 21 points. The premium to the cash market was 16 points, or twice that of current fair value.

Just about tha only disappointment was the below average trading volume, with 10,868 contracts dealt, against 12,261 on Wednesday.

Traded options turnover was also lower, dipping to 18,915 lots from 28,484. FT-SE and Euro FT-SE voluma was just above 12,000 lots. British Airways was the busiest individual stock option, with 1,041 contracts dealt.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3092.0	3119.0	22.0	3128.0	3076.0	12302	53273
Mar	3113.5	3138.5	21.5	3135.0	3113.5	78	3915
Jun		3160.5	21.5			-	80

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3532.0	3540.0	8.0	3550.0	3532.0	52	4217

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3540.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3102) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
Nov	175	8	128½	11½	88	22	54	39	29	65½	14½	101½	6½	148	2	197½
Dec	195½	28	157½	38½	119½	51½	90	73	65	98½	44½	128	30	164½	17½	205
Jan	223	45	188½	58½	152	74½	122	95½	92½	117½	71½	146	51½	178	38½	216
Feb	241	52½	204	65½	171½	84	142	104	113	127	92	156½	71	187	55½	223
Jun†			250½	100½			189½	138			142½	190½			100	250½

Calls 4,013 Puts 5,136

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P
Nov	198½	5	149½	8½	106	17½	70½	29½	41	50	21	80	9½	118	4	162
Dec	218½	22½	178½	32½	138½	45	105½	82	77½	83½	53½	109½	34½	139½	21	176
Jan	235½	34½			184½	61½			107	103			63½	158		
Mar	282½	54½			196	83			136	122½			91	175½		
Jun†	302½	76			237	108½			178½	144½			128½	191½		

Calls 1,814 Puts 238 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Oct			120⅞ 58⅝	93¼ 80⅝	70¼ 107⅛			

Calls 6 Puts 6 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
3i†	212	332	+2½
ASDA Group†	7,600	63¾	+1¾
Abbey National†	1,400	416	+3
Albert Fisher	294	43	
Allied Domecq†	1,800	591	-2
Anglian Water	265	550	-1
Argos	1,300	330	+8
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Nov 3	Day's chge%	Nov 2	Nov 1	Oct 31	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3104.4	+0.7	3081.3	3096.3	3097.4	3149.0	4.10	7.01	16.65	110.69	1177.85
FT-SE Mid 250	3530.8	+0.3	3522.0	3524.3	3516.9	3500.4	3.55	6.78	20.87	111.82	1319.46
FT-SE Mid 250 ex Inv Trusts	3530.3	+0.2	3522.5	3523.8	3514.1	3501.6	3.71	6.26	19.43	116.34	1316.59
FT-SE-A 350	1555.2	+0.6	1545.4	1551.4	1551.1	1599.6	3.97	6.73	17.62	54.08	1206.94
FT-SE SmallCap	1780.28	+0.1	1778.88	1779.75	1780.81	1799.61	3.33	4.98	25.33	40.79	1385.65
FT-SE SmallCap ex Inv Trusts	1749.67	....	1749.24	1749.36	1749.81	1783.11	3.54	5.54	23.09	81.78	1366.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **FT-SE Actuaries All-Share**

[illegible]

■ **Hourly movements**

[illegible]

■ **FT-SE Actuaries 350 Industry baskets**

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Domecq	550	47½	58	64½	8	13	22
(*591)	600	18	29	36	27½	34½	46
Argyll	260	18	24½	27½	10	15	20
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Hanson	220	9½	14	16	2	6	11½
(*227)	240	1	5½	9	13½	19½	23
Lasmo	134	14½	-	-	½	-	-
[illegible]							

FT GOLD MINES INDEX

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	58	5	8
Other Fixed Interest	0	1	13
Mineral Extraction	79	36	81
General Manufacturers	112	108	415
Consumer Goods	46	34	107
Services	96	73	326
Utilities	14	23	7
Financials	120	43	202
Investment Trusts	132	42	291
Others	61	18	34
Totals	718	383	1484

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	October 24	Expiry	January 26
Last Dealings	November 4	Settlement	February 6

Calls: Arcon Intl, Jacobs (JI), Regent Corp, Tullow Oil, Windsor. *Puts & Calls:* BAT Inds, Bluebird Toys, Tullow Oil, Willis Corroon, Wimpey.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	6.86	6½	4	APTA Wrnts.	6½		-	-	-	-
-	F.P.	10.9	180	180	Adare Prntg	180		Q26.5pc	6.1	1.6	10.5
-	F.P.	9.83	73	63	Artesian Ests.	73		-	-	-	-
100	F.P.	174.0	93	85½	BZW Commodities	87	+1	-	-	-	-
-	F.P.	16.4	47	39	Do. Wrts	41	+1	-	-	-	-
-	F.P.	48.5	92	65	Calluna	90	+3	-	-	-	-
280	F.P.	30.3	287	280	Churchill China	285		RN8.86	2.2	4.3	13.0
63	F.P.	12.2	68	65	Ennemix	67		RN0.71	5.3	1.3	8.4
[illegible]											

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

هكذا من الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1994 high	low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	104½	+2½	120	89	-	100.2	-4.1
Warrants	□	21	+1	88	45½	-	-	-
Personal Assets		287xd	-	294	279	2.8	0841.0	-7
Pilot Inv	N□	125	-	153	124	1.5	124.3	-6
Warrants	□	44	-	89	40½	-	-	-
Piper Euro Smlr	□	84	-	96	81	-	90.7	-3.5
Warrants	□	41	-	43	33	-	-	-
Primadona	N	273	+1	293	261	2.1	302.0	9.6
Ptarmigan Intl	N□	222	-	276	208	1.9	238.5	6.9
Warrants		21	-	149	78	-	-	-
RIT Capital	N□	174	-	188	164½	1.1	215.0	19.1
2½pc Cv Ln 2000		£175	-	£186½	£170½	1.4	-	-
Radiotrust		79	-	88	69	-	71.3	1.8
Rights & Iss Inc	N	156	-	184	153	7.3	-	-
Cap	N	483	-	545	440	2.3	542.7	11.0
Riv & Merc Am Inc	N	104xd	-	121	104	9.4	-	-
Cap	□	20½	-	38	29	-	39.9	26.1
Warrants		13½	-½	17	13	-	-	-
Riv & Mer Ext	N□	93xd	+1	147	91	10.6	101.4	0.3
Warrants		17	+1	49	14	-	-	-
Zero Div Pf		109	-	118½	108	-	-	-
Riv & Mer Geared	N	87	-	116	86	11.0	-	-
Prfd Cap 1999		28	-	38	23	-	33.7	15.9
Riv & Merc Smlr	N□	122xd	-	170	115	6.2	135.8	10.2
Warrants		35	-	71	31	-	-	-
Riv & Merc 1st Inc	N□	115	-	127	112½	10.2	-	-
Cap	□	121	-	188	118	-	187.0	35.5
Warrants		24½	-½	40	24½	-	-	-
Do. Stpd Prf	N	150	-	183	144	4.5	-	-
River Plate Inc	N□	108	-1	113	108	10.3	-	-
Cap	□	77	-	118	76	-	123.2	37.5
Warrants		2	-	11	2	-	-	-
Zero Div Pf		88¾	-	86½	83¼	-	-	-
St Andrew	N	305	-	343	290	3.2	314.3	3.0
St David's Inc	N	142	-	143	124	13.8	-	-
Cap		172	+1	222	166	-	257.2	33.1
Zero Prf		148	-	181½	142½	-	-	-
Saracen Value	N□	88	-	98	81	0.8	90.7	5.2
Warrants		24	-	42	20	-	-	-
SPLIT Inc	N	159xd	-	210	155	26.5	-	-
Cap		1148	+22	1236	1055	-	1292.4	11.4
Schroder UK Gwth	□	92½	+2	99	86	-	88.8	-2.0
Warrants	□	40	+1	42	33	-	-	-
Schroder Japan Gwth	□	91½	+2½	99	87	-	86.3	-5.7
Warrants	□	42	-	52	41½	-	-	-
Schroder Split Inc	N□	112	+2	129	109	[illegible]	-	-

[illegible]

LEISURE & HOTELS - Cont.

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
City Centre	N□	74	-½	84	[illegible]	[illegible]	[illegible]	[illegible]
Compass	N□	315	-	*374	[illegible]	[illegible]	[illegible]	[illegible]
Courtyard Leis	N□	19	-	25	[illegible]	[illegible]	[illegible]	[illegible]
Crockfords	N□	138	-	158	[illegible]	[illegible]	[illegible]	[illegible]
David Lloyd	N□	286	+1	287	[illegible]	[illegible]	[illegible]	[illegible]
Euro Disney FFr	□	89	+13	*215	[illegible]	[illegible]	[illegible]	[illegible]
Eurocamp	□	280	-4	290	[illegible]	[illegible]	[illegible]	[illegible]
European Leis	N□	2¼	-¼	4	[illegible]	[illegible]	[illegible]	[illegible]
Fairline Boats	N	435	-	455	[illegible]	[illegible]	[illegible]	[illegible]
Farringford	□	5	-¼	8½	[illegible]	[illegible]	[illegible]	[illegible]
First Choice	N□	119	+1	121	[illegible]	[illegible]	[illegible]	[illegible]
9¼p Cv Pf		211	-	221	[illegible]	[illegible]	[illegible]	[illegible]
First Leisure	N□	248	+1	350	[illegible]	[illegible]	[illegible]	[illegible]
Flagstone	□	1½	-	2¼	[illegible]	[illegible]	[illegible]	[illegible]
Forte	N□	238½xd	+2	288	[illegible]	[illegible]	[illegible]	[illegible]
Friendly Hotels	N	77xd	-	287	[illegible]	[illegible]	[illegible]	[illegible]
GR	N	55	-	79	[illegible]	[illegible]	[illegible]	[illegible]
Granada	N□	523	+3	598	[illegible]	[illegible]	[illegible]	[illegible]
7½p Cv Pf		193	+1	224½	[illegible]	[illegible]	[illegible]	[illegible]
Groupe Chez Gerard	□	98	-	118	[illegible]	[illegible]	[illegible]	[illegible]
Hi-Tec Sports	N□	21xd	-	98	[illegible]	[illegible]	[illegible]	[illegible]
Hornby	N	190	-	218	[illegible]	[illegible]	[illegible]	[illegible]
Inspirations	N	128	-1	149	[illegible]	[illegible]	[illegible]	[illegible]
Jurys Hotel IE		169¼	+½	173¼	[illegible]	[illegible]	[illegible]	[illegible]
Kunick	N□	14¼	-	18¼	[illegible]	[illegible]	[illegible]	[illegible]
8¼pc Cv Pf		84	-	119	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke	N□	150xd	+1	217½	[illegible]	[illegible]	[illegible]	[illegible]
London Clubs	N	249	-	263	[illegible]	[illegible]	[illegible]	[illegible]
Magnolia	N	69	-	104	[illegible]	[illegible]	[illegible]	[illegible]
Man Utd	N□	644xd	-13	702	[illegible]	[illegible]	[illegible]	[illegible]
Mandarin Orient $	□	79½	+¾	108¼	[illegible]	[illegible]	[illegible]	[illegible]
Millwall	□	2½	-	*4½	[illegible]	[illegible]	[illegible]	[illegible]
My Kinda Town	□	15½	-	15	[illegible]	[illegible]	[illegible]	[illegible]
Norcem	N□	60xd	+1	21	[illegible]	[illegible]	[illegible]	[illegible]
Cv Db 96/01		£130½xd	-	2145½	[illegible]	[illegible]	[illegible]	[illegible]
Parkdean Leis	N□	142	-4	171	[illegible]	[illegible]	[illegible]	[illegible]
Pelican	N□	82	-	*102	[illegible]	[illegible]	[illegible]	[illegible]
PizzaExpress	N□	120xd	+8	121	[illegible]	[illegible]	[illegible]	[illegible]
Pharos Leis	N□	127	-	182	[illegible]	[illegible]	[illegible]	[illegible]
Quadrant	□	27	-1	43	[illegible]	[illegible]	[illegible]	[illegible]
Queens Moat	N	47½xd	-	21½	[illegible]	[illegible]	[illegible]	[illegible]
7pc Cv Pf		104xd	-	104	[illegible]	[illegible]	[illegible]	[illegible]
7½pc Cv Pf		85xd	-	89	[illegible]	[illegible]	[illegible]	[illegible]
Ramsden's (H)	N	259	-	278	[illegible]	[illegible]	[illegible]	[illegible]
Rank Org	N□	387½	-2½	*447¼	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
TVX Gold	♥	437½p	-¼	480½p	338½p	883.6	-	
Toronto-Dom		9⅞	-⅛	11¼	9⅞	2,766	4.0	
Trans Can Pipe	♥	7⅝	+⅛	10⅞	7⅝	1,411	4.8	

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£28¼	-⅛	£30	£13½	1,932	2.5	27.7
Barlow	Z	£4⅞	+⅛	£5⅞	£3⅞	865.8	0.6	-
Gold Flds Prop R		118xd	-	128	75	12.1	7.8	♦
NK Props		88	-	88	85	3.82	12.4	-
SASOL	♥	635	-32	582	380	3,134	2.8	-
SA Brews		£15⅛	+⅛	£16½	£10	4,207	1.8	24.7
Tiger Oats	†	888	-42	898	538	1,031	2.3	14.5
Tongaat-Hulett	h	875	-20	*885	356¼	815.3	1.9	18.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed *on profit after taxation, including exceptional profits/losses and unrelieved* ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks *where transactions and prices are published continuously through the* Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights *issues for cash*
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ *Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.*
- ♣ Free annual/interim report available, see details below.
- ⚘ USM; not listed on Stock Exchange and company not subjected to *same degree of regulation as listed securities.*
- †† Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ▯ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ *Merger bid or reorganization in progress*
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
7 Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xk ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code **FT2585.** Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. *If calling* from outside the UK, ring +44 81 770 0770 *or fax +44 81 770 3822.* Reports will be sent the next working day, subject to availabilty.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See *Monday's share price pages for details.*

An international service is available for callers *outside the UK, annual subscription £250 stg.*

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

CURRENCIES AND MONEY

MARKETS REPORT

Fed intervenes again to support the dollar

The US Federal Reserve yesterday again intervened in the market to support the dollar, *writes Philip Gawith.*

Traders said the Fed, which started to intervene as European markets were closing, was probably trying to underline its seriousness by getting the dollar to finish in New York above its Wednesday close.

The Fed first bought dollars at DM1.5155 and Y97.90. On Wednesday it came in at DM1.4955 and Y96.10. The dollar closed in London two pfennigs up at DM1.5146, from DM1.4945, and at Y97.6050 from Y96.205.

The markets were very quiet before the Fed came in, with most traders waiting for the release of the US payrolls data today before making their next move. The thin conditions allowed the Fed to achieve a measure of success, despite the absence of any support from other central banks, save for the Bank of Japan.

In Europe, the main mover was the Swedish krona, which fell back to close at SKr4.847 against the D-Mark, from SKr4,802. This was a reaction to an opinion poll showing that 52 per cent of Swedes would say no to EU membership.

In the UK, the Bank of England dealt at established rates in its daily money market operations. This suggested that there had probably been no decision taken to lift interest rates at the monthly monetary meeting on Wednesday.

■ Analysts agreed that Fed intervention had bought time for the dollar, without arresting the negative sentiment towards the US currency.

A number of reasons were suggested as to why the Fed had intervened. These included: concern that a weak dollar would feed into US inflation; signalling disapproval of the level to which tha dollar had fallen; and wanting to stabilise tha currency ahead of next week's quarterly treasury refunding, and the mid-term congressional elections.

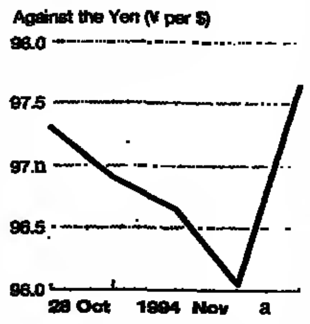
Today the key focus will be the non-farm payroll. If it comes in above market expectations, and the Fed does not respond with a firm tightening of monetary policy, traders are likely to sell the dollar again.

The market was again thick with explanations for dollar weakness. Tha most commonly heard is the fear that the Fed is moving too slowly to combat inflation. Also much mentioned is the US's large current account surplus, which is seen as creating a structural oversupply of dollars that can only result in dollar weakness unless offset by commensurate capital inflows.

Bnt according to Mr Paul Chertkow, head of currency strategy at UBS in London, these explanations don't wash.

Dollar

Against the Yen (¥ per $)



Source: FT Graphite

He says that the US current account deficit, of around 2 per cent of GDP, is no worse than Germany's, but the D-Mark is appreciating. He also recalls that ths dollar was a strong currency in the 1985-7 period when the current account surplus was closer to 4 per cent.

Mr Chertkow says, instead, that the dollar's weakness is attributahle to lack of confidence in the currency, and US assets, following the Clinton administration's policy of "dollar debasement". As a result, US assets were not bought, and the capital flows were insufficient to combat the size of the current account deficit.

For this reason, he said, the issue of whether or not the Bundesbank participated in the intervention was irrelevant. "The issue bere is the US, wbetber tbe Clinton administratioo atones for the policy of debasement."

Mr Chertkow said the dollar bad been driven lower by short-term players. Financial investors and corporates had been largely out of the market. The resultant illiquidity meant that the short-term operators had been ahle to exert disproportionate influence.

He said institutional investors were underweight the dollar because they were underweight US assets. As a result, they were a potential source of follow-on dollar huying, should lhe Fed succeed in getting short-term speculators to start pushing it higher.

Mr Rohin Marshall, chief economist at Chase Manhattan in London, said that intervention had recently been conspicuously unsuccessful. "$25bn of Bank of Japan intervention through the year has massively exceeded Fed intervention, without turning the dollar trend."

■ Tight hill conditions in the UK money markets saw three month LIBOR rise to 6$\frac{5}{16}$ per cent, from 6¼ per cent. In its daily operations, the Bank of England provided UK money markets with £635m of lats assistance, after earlier providing £406m of liquidity. The shortage was £1.25bn.

■ Pound in New York

Nov 3	—Latest—	– Prev. close –
£ spot	1.6130	1.6230
1 mth	1.6122	1.6222
3 mth	1.6116	1.6215
1 yr	1.6035	1.6127

■ OTHER CURRENCIES

Nov 3	£	$
Hungary	174.393 - 174.663	107.850 - 107.950
Iran	2862.00 - 2865.00	1748.00 - 1750.00
Kuwait	0.4830 - 0.4831	0.2981 - 0.2986
Poland	37473.9 - 37529.5	23175.0 - 23195.0
Russia	5007.78 - 5012.63	3096.00 - 3099.00
U.A.E.	5.9178 - 5.9297	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Nov 3		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2482	–0.032	388 - 576	17.3185	17.0517	17.2439	0.3	17.232	0.4	-	-	115.3
Belgium	(BFr)	50.3116	–0.2148	887 - 344	50.6410	50.2887	50.2816	0.7	50.2116	0.8	50.0716	0.5	117.4
Denmark	(DKr)	9.5963	–0.0137	929 - 036	6.6316	9.5929	9.5958	0.3	9.6106	–0.5	6.5801	0.1	117.2
Finland	(FM)	7.5106	–0.0635	005 - 213	7.6110	7.5005	-	-	-	-	-	-	88.6
France	(FFr)	8.4025	–0.0128	979 - 071	8.4335	8.3979	8.4004	0.3	8.3927	0.5	8.3246	0.9	110.5
Germany	(DM)	2.4499	–0.0049	485 - 513	2.4625	2.4485	2.4484	0.8	2.4444	0.9	2.4117	1.6	126.6
Greece	(Dr)	377.525	–0.511	327 - 722	379.951	377.327	-	-	-	-	-	-	–
Ireland	(I£)	1.0107	–0.003	099 - 115	1.0164	1.0099	1.0105	0.2	1.0102	0.2	1.0116	–0.1	105.9
Italy	(L)	2514.40	–13.73	241 - 639	2529.31	2512.41	2520	–2.7	2531.4	–2.7	2581.9	–2.7	74.3
Luxembourg	(LFr)	50.3116	–0.2148	887 - 344	50.6410	50.2887	50.2816	0.7	50.2116	0.8	50.0716	0.5	117.4
Netherlands	(Fl)	2.7477	–0.0051	460 - 493	2.7590	2.7460	2.7462	0.5	2.7416	0.8	2.7074	1.5	121.1
Norway	(NKr)	10.6677	–0.0258	616 - 934	10.7381	10.6486	10.6677	0.0	10.6694	–0.1	10.6663	0.0	96.5
Portugal	(Es)	250.228	–0.679	069 - 386	251.616	250.069	251.958	–8.3	255.138	–7.9	-	-	–
Spain	(Pta)	204.169	–0.557	065 - 273	205.017	204.065	204.499	–1.9	209.354	–10.2	207.779	–1.9	85.5
Sweden	(SKr)	11.8764	+0.0864	646 - 881	11.9136	11.7459	11.8954	–1.9	11.9379	–2.1	12.0824	–1.7	74.6
Switzerland	(SFr)	2.0502	+0.0051	487 - 516	2.0599	2.0487	2.0471	1.9	2.0396	2.1	1.9973	2.6	122.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.9
Ecu	-	1.2869	–0.0023	851 - 876	1.2929	1.2861	1.287	0.0	1.2872	–0.1	1.281	0.5	–
SDR†	-	0.911953	-	-	-	-	-	-	-	-	-	-	–
Americas													
Argentina	(Peso)	1.9106	–0.0246	180 - 172	1.6255	1.6180	-	-	-	-	-	-	–
Brazil	(R)	1.3660	–0.0196	647 - 672	1.3713	1.3647	-	-	-	-	-	-	–
Canada	(C$)	2.1983	–0.0276	972 - 993	2.2071	2.1972	2.1974	0.5	2.1956	0.5	2.1923	0.3	88.6
Mexico	(New Peso)	5.5576	–0.0903	536 - 616	5.5887	5.5536	-	-	-	-	-	-	–
USA	($)	1.6175	–0.0251	170 - 180	1.6265	1.6170	1.6167	0.6	1.615	0.4	1.6066	0.7	61.4
Pacific/Middle East/Africa													
Australia	(A$)	2.1777	–0.0363	763 - 791	2.1906	2.1763	2.1798	–1.2	2.1825	–0.9	2.1964	–0.9	–
Hong Kong	(HK$)	12.5020	–0.1913	973 - 067	12.5696	12.4973	12.4954	0.8	12.4895	0.4	12.4199	0.7	–
India	(Rs)	50.7895	–0.821	657 - 133	51.0720	50.7657	-	-	-	-	-	-	–
Japan	(Y)	157.876	–0.151	767 - 985	158.840	157.787	157.426	3.4	156.411	3.7	151.176	4.2	109.4
Malaysia	(M$)	4.1403	–0.0561	384 - 421	4.1614	4.1384	-	-	-	-	-	-	–
New Zealand	(NZ$)	2.6269	–0.0343	250 - 288	2.6397	2.6250	2.6315	–2.1	2.6408	–2.1	2.6607	–1.3	–
Philippines	(Peso)	40.1141	–0.7046	208 - 073	40.2073	40.0208	-	-	-	-	-	-	–
Saudi Arabia	(SR)	6.0673	–0.094	650 - 696	6.1007	6.0650	-	-	-	-	-	-	–
Singapore	(S$)	2.3757	–0.033	741 - 772	2.3865	2.3741	-	-	-	-	-	-	–
S Africa (Com.)	(R)	5.6746	–0.0859	716 - 776	5.7062	5.6716	-	-	-	-	-	-	–
S Africa (Fin.)	(R)	6.6287	–0.0948	054 - 419	6.6706	6.6054	-	-	-	-	-	-	–
South Korea	(Won)	1289.07	–22.3	859 - 955	1296.28	1288.59	-	-	-	-	-	-	–
Taiwan	(T$)	42.1096	–0.6243	913 - 279	42.3524	42.0931	-	-	-	-	-	-	–
Thailand	(Bt)	40.3243	–0.5674	956 - 529	40.5490	40.2956	-	-	-	-	-	-	–

†SDR rates for Nov 3. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 3		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.6635	+0.1435	510 - 660	10.5780	10.6450	10.6635	0.0	10.6633	0.0	10.5885	0.7	104.6
Belgium	(BFr)	31.1045	+0.3445	000 - 090	31.9150	31.1000	31.107	–0.1	31.0645	0.5	30.9645	0.5	106.2
Denmark	(DKr)	5.9340	+0.0823	325 - 355	5.6415	5.6186	5.938	–0.6	5.9465	–0.6	5.985	–0.9	105.6
Finland	(FM)	4.6435	–0.0323	385 - 485	4.6876	4.6363	4.6442	–0.2	4.641	0.2	4.6375	0.1	82.8
France	(FFr)	5.1948	+0.0716	935 - 960	5.1990	5.1820	5.1961	–0.3	5.1937	0.1	5.1815	0.3	106.8
Germany	(D)	1.5146	+0.0201	142 - 150	1.5175	1.5120	1.5144	0.2	1.5127	0.5	1.5011	0.6	107.5
Greece	(Dr)	233.400	+3.255	350 - 450	233.700	233.100	233.57	-1.4	234.225	–1.4	236.475	–1.3	68.5
Ireland	(I£)	1.6004	–0.02	996 - 011	1.6036	1.5952	1.6003	0.0	1.6005	0.0	1.5874	0.6	–
Italy	(L)	1554.50	+15.4	375 - 525	1557.55	1552.70	1558.75	–3.3	1566.5	–3.1	1607	–3.4	74.5
Luxembourg	(LFr)	31.1045	+0.3445	000 - 090	31.9150	31.1000	31.107	–0.1	31.0645	0.5	30.9645	0.5	106.2
Netherlands	(Fl)	1.6987	+0.0226	982 - 992	1.7008	1.6950	1.6987	0.0	1.6966	0.5	1.6852	0.8	105.6
Norway	(NKr)	6.6075	+0.0854	060 - 090	6.6180	6.5534	6.6102	–0.5	6.623	–0.9	6.655	–0.7	96.7
Portugal	(Es)	154.700	+1.95	650 - 750	155.000	154.650	155.325	–4.8	156.45	–4.5	160.95	–4.0	95.2
Spain	(Pta)	126.225	+1.59	200 - 250	126.420	125.750	126.555	–3.1	127.22	–3.2	129.835	–2.6	80.6
Sweden	(SKr)	7.3424	+0.1647	374 - 474	7.3474	7.2305	7.3571	–2.4	7.3864	–2.4	7.5264	–2.5	51.2
Switzerland	(SFr)	1.2675	+0.0225	670 - 680	1.2710	1.2620	1.2438	1.2	1.2622	1.7	1.2433	1.9	108.3
UK	(£)	1.9175	–0.0251	170 - 180	1.6265	1.6170	1.6416	0.6	1.616	0.4	1.6066	0.7	89.5
Ecu	–	1.2570	–0.0172	566 - 573	1.2595	1.2556	1.2738	0.6	1.256	0.3	1.2542	0.2	–
SDR†	-	1.49305	-	-	-	-	-	-	-	-	-	-	–
Americas													
Argentina	(Peso)	0.9995	+0.0003	994 - 995	0.9995	0.9993	-	-	-	-	-	-	–
Brazil	(R)	0.8445	+0.001	440 - 450	0.8450	0.8430	-	-	-	-	-	-	–
Canada	(C$)	1.3591	+0.004	588 - 593	1.3597	1.3560	1.3589	0.1	1.3586	0.1	1.3641	–0.4	83.3
Mexico	(New Peso)	3.4360	–0.0025	345 - 375	3.4375	3.4350	3.437	–0.3	3.4388	–0.3	3.4462	–0.3	–
USA	($)	-	-	-	-	-	-	-	-	-	-	-	94.1
Pacific/Middle East/Africa													
Australia	(A$)	1.3464	–0.0009	459 - 468	1.3477	1.3459	1.3467	–0.2	1.3474	–0.3	1.3547	–0.6	85.6
Hong Kong	(HK$)	7.7292	+0.0016	287 - 297	7.7297	7.7282	7.7283	0.1	7.7279	0.1	7.7377	–0.1	–
India	(Rs)	31.4000	–0.02	950 - 050	31.4050	31.3950	31.485	–3.2	31.83	–2.9	-	-	–
Japan	(Y)	97.6050	+1.4	800 - 300	97.8500	97.2600	97.375	2.8	96.795	3.3	94.1	3.6	150.9
Malaysia	(M$)	2.5597	+0.005	593 - 600	2.5600	2.5575	2.5505	4.3	2.5392	3.2	2.6127	–2.1	–
New Zealand	(NZ$)	1.6241	+0.004	234 - 247	1.6260	1.6234	1.6251	–0.7	1.6269	–0.7	1.6322	–0.5	–
Philippines	(Peso)	24.8000	–0.05	500 - 500	24.8500	24.7500	-	-	-	-	-	-	–
Saudi Arabia	(SR)	3.7511	+0.0001	508 - 513	3.7513	3.7508	3.7524	–0.4	3.7565	–0.6	3.7751	–0.6	–
Singapore	(S$)	1.4687	+0.0023	682 - 692	1.4708	1.4682	1.4674	1.1	1.4655	0.9	1.4587	0.7	–
S Africa (Com.)	(R)	3.5083	+0.0135	075 - 090	3.5105	3.5040	3.5238	–5.3	3.5521	–5.0	3.6288	–3.4	–
S Africa (Fin.)	(R)	4.0950	+0.005	850 - 050	4.1050	4.0850	4.1287	–9.9	4.1975	–9.0	-	-	–
South Korea	(Won)	796.950	–1.4	900 - 000	798.300	796.900	799.95	–4.5	803.45	–3.3	821.95	–3.1	–
Taiwan	(T$)	26.0338	+0.0178	305 - 370	26.0650	26.0305	26.0538	–0.6	26.0938	–0.8	-	-	–
Thailand	(Bt)	24.9300	+0.0356	200 - 400	24.9400	24.9250	25.0025	–3.5	25.13	–3.2	25.61	–2.7	–

†SDR rate for Nov 3. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates, UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 3. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

November 3	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	4⅞	5¼	5⅜	6⅜	7.40	4.50	-
week ago	4⅞	4⅞	5¼	5⅜	6¼	7.40	4.50	-
France	5⅝	5⅝	5⅝	5⅞	6⅜	5.00	-	6.75
week ago	5⅝	5⅝	5⅝	5⅞	6⅝	5.00	-	0.75
Germany	4.93	4.95	5.15	5.25	5.60	6.00	4.50	4.85
week ago	4.88	4.96	5.15	5.30	5.65	6.00	4.50	4.85
Ireland	5⅛	5¼	5⅝	5⅞	7⅛	-	-	6.25
week ago	5⅛	5¼	5⅞	6⅛	7⅛	-	-	6.25
Italy	8¼	8⅞	8¾	9¼	10⅛	-	7.50	8.20
week ago	8⅛	8⅜	8⅝	9⅜	10⅛	-	7.50	8.20
Netherlands	4.84	5.04	5.24	5.38	5.75	-	5.25	-
week ago	4.84	5.04	5.16	5.34	5.74	-	5.25	-
Switzerland	3⅞	3⅞	4⅛	4¼	4⅝	6.625	3.50	-
week ago	3⅝	3⅞	4	4¼	4⅝	6.625	3.50	-
US	4⅞	5⅛	5⅝	5⅞	6⅜	-	4.00	-
week ago	4⅞	5⅛	5⅝	5⅞	6½	-	4.00	-
Japan	2¼	2¼	2⅜	2⅛	2¾	-	1.75	-
week ago	2⅜	2¼	2⅜	2⅛	2¾	-	1.75	-
■ $ LIBOR FT London Interbank Fixing	-	5⅛	5¾	6⅛	6¾	-	-	-
week ago	-	5⅛	5⅞	6	6⅝	-	-	-
US Dollar CDs	-	5.04	5.39	5.78	6.45	-	-	-
week ago	-	5.04	5.35	5.71	6.31	-	-	-
SDR Linked Ds	-	3⅝	3⅝	3¾	4	-	-	-
week ago	-	3⅝	3⅝	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅛; 3 mths: 5⅝; 6 mths: 6⅛; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 3	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4$\frac{13}{16}$ - 4⅞	4$\frac{15}{16}$ - 4⅞	5 - 4⅞	5¼ - 5⅛	5$\frac{9}{16}$ - 5$\frac{7}{16}$	6$\frac{3}{16}$ - 6$\frac{1}{16}$
Danish Krone	5½ - 5¼	5⅝ - 5¼	5$\frac{13}{16}$ - 5$\frac{9}{16}$	6½ - 6¼	6$\frac{15}{16}$ - 6$\frac{11}{16}$	7$\frac{3}{16}$ - 7⅞
D-Mark	5 - 4⅞	4$\frac{15}{16}$ - 4$\frac{13}{16}$	5 - 4⅞	5$\frac{3}{16}$ - 5$\frac{1}{16}$	5¼ - 5⅛	5$\frac{13}{16}$ - 5$\frac{9}{16}$
Dutch Guilder	5 - 4⅞	5 - 4⅞	5 - 4⅞	5$\frac{3}{16}$ - 5⅛	5⅜ - 5¼	5¾ - 5⅝
French Franc	5⅜ - 5¼	5⅜ - 5¼	5$\frac{7}{16}$ - 5$\frac{5}{16}$	6⅝ - 6⅛	5$\frac{15}{16}$ - 5$\frac{13}{16}$	6⅜ - 6¼
Portuguese Esc.	9¼ - 9⅛	9¼ - 6⅛	10 - 9½	10½ - 10	10½ - 10¼	10⅝ - 10⅜
Spanish Peseta	7$\frac{9}{16}$ - 7⅜	7⅜ - 7$\frac{7}{16}$	7⅜ - 7½	5 - 7$\frac{13}{16}$	8⅝ - 8⅛	9⅛ - 6
Sterling	5½ - 5¼	5½ - 5¼	6$\frac{13}{32}$ - 5$\frac{21}{32}$	6$\frac{5}{32}$ - 6$\frac{1}{32}$	6⅝ - 6½	7⅜ - 7¼
Swiss Franc	4 - 3⅞	3¾ - 3⅝	3¾ - 3⅝	4$\frac{1}{16}$ - 3$\frac{15}{16}$	4¼ - 4⅛	4⅝ - 4½
Can. Dollar	6⅛ - 4$\frac{13}{16}$	5⅛ - 4$\frac{13}{16}$	6⅛ - 5	5$\frac{9}{16}$ - 5$\frac{7}{16}$	6⅛ - 5	7 - 6⅞
US Dollar	4¾ - 4⅝	4$\frac{13}{16}$ - 4$\frac{11}{16}$	5⅝ - 5	5¾ - 5⅝	6 - 5⅞	6⅝ - 6½
Italian Lira	9 - 7½	8⅝ - 8¼	8⅜ - 8¼	8¾ - 8⅝	9¼ - 9⅛	10⅛ - 10
Yen	2$\frac{5}{16}$ - 2¼	2$\frac{5}{16}$ - 2¼	2$\frac{11}{32}$ - 2$\frac{9}{32}$	2⅜ - 2¼	2½ - 2$\frac{7}{16}$	2$\frac{13}{16}$ - 2¾
Asian $Sing	2⅞ - 2¾	2¾ - 2⅝	3 - 2⅞	3⅜ - 3¼	3¾ - 3⅝	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.26	94.27	+0.01	94.28	94.24	7,505	54,291
Mar	93.81	93.84	+0.03	93.84	93.78	6,538	35,591
Jun	93.39	93.40	+0.02	93.41	93.35	5,060	27,558
Sep	92.98	93.00	+0.01	93.01	92.96	2,632	19,700

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		93.98	-			-	2488
Mar		93.48	-			-	1386
Jun		93.00	0.01			-	350
Sep	92.83	92.83	0.01	92.98	92.83	25	56

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.82	94.82	-	94.83	94.80	14128	154591
Mar	94.53	94.54	+0.02	94.55	94.47	31864	157057
Jun	94.12	94.13	+0.01	94.14	94.05	24651	110754
Sep	93.72	93.74	+0.03	93.74	93.65	9044	78953

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.83	90.86	+0.11	90.97	90.81	5903	33159
Mar	90.06	90.23	+0.14	90.24	90.05	4556	30807
Jun	89.45	89.62	+0.18	89.62	89.45	1454	16268
Sep	89.07	89.22	+0.10	89.23	89.07	1258	20703

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.84	95.87	+0.02	95.88	95.84	1569	20537
Mar	95.53	95.56	+0.02	95.58	95.52	1605	17886
Jun	95.14	95.14	-	95.14	95.12	128	5208
Sep	94.75	94.79	+0.02	94.80	94.75	108	1960

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.83	93.88	+0.03	93.87	93.82	765	7831
Mar	93.39	93.44	+0.04	93.45	93.36	1343	6910
Jun	92.85	92.93	+0.05	92.93	92.82	416	3898
Sep	92.36	92.42	+0.03	92.39	92.36	55	2436

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 3		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.08	16.70	4.868	2.010	4997	5.460	21.25	497.3	405.7	23.59	4.075	1.988	4.369	3.216	313.7	2.558
Denmark	(DKr)	52.42	10	8.755	2.552	1.053	2619	2.862	11.14	260.7	212.6	12.37	2.136	1.042	2.290	1.686	164.4	1.341
France	(FFr)	59.87	11.42	10	2.914	1.203	2992	3.269	12.72	297.8	242.9	14.13	2.440	1.190	2.616	1.926	187.8	1.532
Germany	(DM)	20.54	3.916	3.431	1	0.413	1027	1.122	4.366	102.2	83.34	4.847	0.837	0.408	0.898	0.661	64.43	0.526
Ireland	(I£)	49.76	9.494	8.312	2.422	1	2487	2.717	10.57	247.5	201.9	11.74	2.028	0.989	2.174	1.600	156.1	1.273
Italy	(L)	2.001	0.382	0.334	0.097	0.040	100.	0.109	0.425	9.952	8.116	0.472	0.082	0.040	0.087	0.064	6.277	0.051
Netherlands	(Fl)	18.31	3.494	3.059	0.892	0.368	915.2	1	3.892	91.08	74.30	4.321	0.746	0.364	0.800	0.589	57.44	0.469
Norway	(NKr)	47.06	6.978	7.861	2.291	0.946	2352	2.570	10	234.1	190.9	11.10	1.916	0.935	2.056	1.514	147.6	1.204
Portugal	(Es)	20.11	3.836	3.359	0.979	0.404	1005	1.098	4.273	100.	81.57	4.744	0.819	0.400	0.878	0.647	63.07	0.514
Spain	(Pta)	24.65	4.703	4.117	1.200	0.495	1232	1.346	5.238	122.6	100.	5.816	1.004	0.490	1.077	0.793	77.32	0.631
Sweden	(SKr)	42.38	8.086	7.079	2.063	0.852	2116	2.314	9.006	210.8	171.9	10	1.727	0.842	1.852	1.363	132.9	1.084
Switzerland	(SFr)	24.54	4.682	4.099	1.195	0.493	1226	1.340	5.215	122.0	99.56	5.790	1	0.488	1.072	0.789	76.96	0.628
UK	(£)	50.31	6.598	8.403	2.449	1.011	2514	2.747	10.69	250.2	204.1	11.87	2.050	1	2.198	1.616	157.9	1.287
Canada	(C$)	22.89	4.367	3.823	1.114	0.460	1144	1.250	4.864	113.8	92.86	5.403	0.933	0.455	1	0.736	71.79	0.586
US	($)	31.09	5.932	5.193	1.514	0.625	1554	1.698	6.607	154.6	126.1	7.336	1.267	0.618	1.358	1	97.53	0.795
Japan	(Y)	31.88	6.082	5.325	1.552	0.641	1593	1.741	0.774	158.6	129.3	7.522	1.299	0.634	1.393	1.025	100.	0.816
Ecu		39.09	7.458	6.529	1.903	0.786	1953	2.134	8.306	194.4	158.6	6.223	1.593	0.777	1.708	1.257	122.6	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6605	0.6602	+0.0004	0.6615	0.6596	53,170	87,392
Mar	0.6615	0.6615	+0.0007	0.6620	0.6615	350	5,555
Jun	-	0.6630	-	0.6630	-	1	1,257

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0291	1.0276	-0.0008	1.0312	1.0251	49,126	63,694
Mar	1.0355	1.0359	-0.0006	1.0373	1.0355	1,361	7,605
Jun	1.0460	1.0475	+0.0002	1.0475	1.0460	146	753

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7926	0.7897	-0.0024	0.7938	0.7891	28,926	40,616
Mar	0.7950	0.7930	-0.0010	0.7950	0.7927	193	2,149
Jun	0.7974	0.7976	-0.0022	0.7986	0.7674	6	177

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6200	1.6210	+0.0006	1.6242	1.6200	25,861	45,422
Mar	1.6220	1.6216	+0.0022	1.6220	1.6215	225	636
Jun	-	1.6180	-	1.6180	-	3	16

UK INTEREST RATES

LONDON MONEY RATES

Nov 3	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 6⅝	5¾ - 5⅞	5$\frac{13}{16}$ - 5⅝	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6⅝ - 6½	7$\frac{5}{16}$ - 7¼
Sterling CDs	-	-	5$\frac{23}{32}$ - 5$\frac{21}{32}$	6$\frac{1}{16}$ - 6	6$\frac{7}{16}$ - 6$\frac{5}{16}$	7$\frac{3}{16}$ - 7$\frac{1}{16}$
Treasury Bills	-	-	5⅝ - 5½	5$\frac{15}{16}$ - 5$\frac{13}{16}$	-	-
Bank Bills	-	-	5¾ - 5⅝	6$\frac{1}{16}$ - 5$\frac{15}{16}$	6½ - 6¼	-
Local authority deps.	5$\frac{9}{16}$ - 5$\frac{7}{16}$	5$\frac{9}{16}$ - 5$\frac{7}{16}$	5¾ - 5⅝	6⅛ - 6	6$\frac{9}{16}$ - 6$\frac{7}{16}$	7$\frac{3}{16}$ - 7$\frac{1}{16}$
Discount Market deps	5⅝ - 5½	5⅝ - 5½	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep under £100,000 is 1½pc. Deposits withdrawn for cash ½pc. Ave. tender rate of discount 5.4342pc. ECGD fixed rate Stg. Export Finance. Make up day Oct 31, 1994. Agreed rate for period Nov 26, 1994 to Dec 25, 1994, Schemes II & III 7.23pc. Reference rate for period Oct 1, 1994 to Oct 31, 1994, Schemes IV & V 5.908pc. Finance House Base Rate 6pc from Nov 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.51	93.58	+0.06	93.59	93.47	38473	146142
Mar	92.70	92.77	+0.05	92.80	92.65	24646	73159
Jun	92.08	92.17	+0.06	92.16	92.05	7465	57639
Sep	91.64	91.74	+0.08	91.75	91.61	5336	54520

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9350	0.19	0.07	0.08	0.11	0.80	1.41
9375	0.07	0.02	0.05	0.24	1.00	1.63
9400	0.02	0	0.03	0.44	1.23	1.86

Est. vol. total, Calls 23451 Puts 9682. Previous day's open int., Calls 351323 Puts 211012

EMS EUROPEAN CURRENCY UNIT RATES

Nov 3	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.790611	–0.001251	–2.23	5.67	15
Netherlands	2.19672	2.14800	+0.00124	–2.22	5.85	-
Belgium	40.2123	39.4121	+0.0116	–1.99	5.61	15
Germany	1.94964	1.91623	+0.00115	–1.71	5.31	-
France	6.53883	6.56742	+0.00194	0.44	3.05	–4
Denmark	7.43679	7.50309	+0.00377	0.89	2.59	–6
Portugal	192.854	195.884	–0.04	1.57	1.91	–11
Spain	154.250	159.659	–0.017	3.51	0.00	–24
NON ERM MEMBERS						
Greece	264.513	295.293	+0.082	11.64	–7.28	-
Italy	1793.16	1966.30	–1.16	6.65	–5.61	-
UK	0.786749	0.780171	–0.001953	–0.84	4.38	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
1.550	7.03	7.14	7.43	-	0.13	0.46
1.575	4.55	4.96	5.44	0.01	0.44	0.94
1.600	2.29	3.09	3.73	0.12	1.05	1.71
1.625	0.63	1.73	2.43	0.96	2.12	2.78
1.650	0.06	0.84	1.47	2.83	3.67	4.29
1.675	0.01	0.35	0.82	5.21	5.66	5.12

Previous day's vol., Calls 5,579 Puts 7,951 . Prev. day's open int., Calls 480,406 Puts 421,248

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	93.98	93.98	-	93.99	93.97	82,810	411,628
Mar	93.47	93.49	+0.01	93.51	93.47	153,247	411,172
Jun	92.98	93.01	+0.02	93.01	92.97	110,532	294,483

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

Dec	94.59	94.59	+0.01	94.58	94.58	1,397	17,802
Mar	94.05	94.06	+0.01	94.06	94.05	290	10,323
Jun	-	93.56	-	-	-	74	5,946

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jun	PUTS Mar
9475	0.09	0.12	0.07	0.11	0.02	0.05	0.28	0.32
9500	0.01	0.03	0.02	0.05	0.19	0.21	0.48	0.51
9525	0	0.01	0.01	0.02	0.43	0.44	0.72	0.73

Est. vol. total, Calls 13800 Puts 11951. Previous day's open int., Calls 209825 Puts 185732

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9575	0.17	0.11	0.07	0.05	0.30	0.68
9600	0.04	0.05	0.03	0.17	0.49	0.89
9625	0.01	0.03	0.01	0.39	0.72	1.12

Est. vol. total, Calls 300 Puts 300. Previous day's open int., Calls 2486 Puts 1145

BASE LENDING RATES

	%
Adam & Company	5.75
Allied Trust Bank	5.75
AIB Bank	5.75
●Henry Ansbacher	5.75
Bank of Baroda	5.75
Banco Bilbao Vizcaya	5.75
Bank of Cyprus	5.75
Bank of Ireland	5.75
Bank of India	5.75
Bank of Scotland	5.75
Barclays Bank	5.75
Brit Bk of Mid East	5.75
●Brown Shipley & Co Ltd	5.75
CL Bank Nederland	5.75
Citibank NA	5.75
Clydesdale Bank	5.75
The Co-operative Bank	5.75
Coutts & Co	5.75
Credit Lyonnais	5.75
Cyprus Popular Bank	5.75
Duncan Lawrie	5.75
Exeter Bank Limited	6.75
Financial & Gen Bank	6.5
●Robert Fleming & Co	5.75
Girobank	5.75
●Guinness Mahon	5.75
Habib Bank AG Zurich	5.75
●Hambros Bank	5.75
Heritable & Gen Inv Bk	5.75
●Hill Samuel	5.75
C. Hoare & Co	5.75
Hongkong & Shanghai	5.75
Julian Hodge Bank	5.75
●Leopold Joseph & Sons	5.75
Lloyds Bank	5.75
Meghraj Bank Ltd	5.75
Midland Bank	5.75
* Mount Banking	5
NatWestminster	5.75
●Rea Brothers	5.75
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	6
Royal Bk of Scotland	5.75
●Smith & Williamson Secs	5.75
TSB	5.75
●United Bk of Kuwait	5.75
Unity Trust Bank Plc	5.75
Western Trust	5.75
Whiteaway Laidlaw	5.75
Yorkshire Bank	5.75

● Members of London Investment Banking Association
* In administration

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Nov 3 / Sch)

BELGIUM/LUXEMBOURG (Nov 3 / Frs.)

DENMARK (Nov 3 / Kr)

FINLAND (Nov 3 / Mks)

FRANCE (Nov 3 / Frs.)

GERMANY (Nov 3 / Dm.)

ITALY (Nov 3 / Lire)

NETHERLANDS (Nov 3 / Fls.)

NORWAY (Nov 3 / Kroner)

SPAIN (Nov 3 / Pts.)

SWEDEN (Nov 3 / Kronor)

SWITZERLAND (Nov 3 / Frs.)

PACIFIC

JAPAN (Nov 2 / Yen)

HONG KONG (Nov 3 / H.K.$)

MALAYSIA (Nov 3 / MYR)

SINGAPORE (Nov 3 / S$)

AUSTRALIA (Nov 3 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Nov 3 / Can $)

4 pm close

MONTREAL (Nov 3 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Nov 3 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT3165. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822. If calling from outside the UK, dial +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent on the next working day, subject to availability.

■ TOKYO - MOST ACTIVE STOCKS: Wednesday, November 2, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Oil	10.2m	980	-60	NKK	3.2m	297	-4
Nippon Steel	7.7m	398	-5	Gunma Bank	3.2m	1100	+10
Nikko Secs	4.4m	1110	-10	Hachijuni Bank	2.9m	1200	-10
Kawasaki Steel	4.1m	453	-4	Hitachi	2.9m	999	-11
Pacific Mtls	4.0m	516	-5	Sumitomo Mtl Ind	2.8m	363	-2

INDICES

				1994			
Thailand Bangkok SET (30/4/75)	1528.51	1529.10	1536.48	1753.73	4/1	1196.59	4/4
Turkey Istanbul Comp.(Jan 1986)	25221.3	25290.9	25116.2	28803.60	13/1	12880.70	24/3
WORLD MS Capital Int (1/1/70)$	634.2*	637.8	649.9	649.90	2/11	591.68	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1325.53	1316.01	1331.23	1648.10	31/1	1288.48	5/10
Euro Top-100 (26/6/90)	1180.17	1169.24	1180.72	1311.01	2/2	1136.48	5/10
JCapelDrgns (31/12/88)	(u)	337.67	339.76	395.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	180.79	181.85	182.36	191.78	26/9	141.85	21/4
Iceland ISEQ Overall(4/1/88)	1820.62	1811.72	1820.53	2082.16	20/1	1694.14	1/7
Italy Banca Comm Ital (1972)	623.67	625.54	(c)	817.17	10/5	588.85	10/1
MIB General (4/1/94)	1010.0	1012.0	(c)	1318.00	10/5	944.00	10/1
Japan Nikkei 225 (16/5/49)		(c)	19750.85	19916.48 21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)		(c)	287.01	289.19	311.71 13/6	288.22	4/1
Topix (4/1/68)		(c)	1568.68	1579.35	1712.73 13/6	1445.97	4/1
2nd Section (4/1/68)		(c)	2209.80	2205.96	2542.85 6/7	1873.33	4/1
Malaysia KLSE Comp.(4/4/86)	1066.46	(c)	1093.58	1314.46	5/1	928.33	4/4

** Sat Oct 29: Taiwan Weighted Price 6526.47; Korea Comp Ex 1098.26. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Nov 3 - 2061.37 +21.46

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Nov	1880.0	1917.0	+38.0	1918.0	1878.0	20,678	21,741
Dec	1887.0	1925.5	+38.5	1926.0	1887.0	459	26,785
Mar	1913.0	1951.0	+38.0	1913.0	1813.0	1	6,717

Open interest figures for previous day.

US INDICES

Dow Jones	Nov 2	Nov 1	Oct 31	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3837.13	3863.37	3908.12	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	94.89	94.82	95.21	105.61 (21/1)	94.82 (2/11)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1518.84	1522.80	1526.99	1862.29 (2/2)	1438.50 (6/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	179.15	179.48	181.39	227.08 (3/1)	175.85 (20/9)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3868.94 (3910.90) Low 3820.31 (3838.79) (Theoretical♦)
Day's high 3875.15 (3908.12) Low 3836.78 (3858.66) (Actual♦)

Standard and Poors	Nov 2	Nov 1	Oct 31	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	466.50	468.42	472.35	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	554.46	556.98	561.38	563.10 (28/10)	510.05 (21/4)	563.10 (28/10/94)	3.62 (21/6/32)
Financial	43.14	43.25	43.73	46.94 (14/6)	41.39 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	255.98	256.74	258.89	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	454.16	455.52	458.57	487.89 (3/2)	422.87 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	771.82	772.18	777.49	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Oct 28	Oct 21	Oct 14	Year ago
Dow Jones Ind Div. Yield	2.70	2.72	2.71	2.77
	Nov 2	Oct 26	Oct 18	Year ago
S & P Ind. Div. yield	2.39	2.39	2.36	2.41
S & P Ind. P/E ratio	20.95	20.82	21.11	28.81

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Dec	466.80	467.85	+1.00	468.25	466.65	92,178	205,154
Mar	-	469.90	-	-	-	1,824	14,876
Jun	-	473.80	-	-	-	2	3,491

Open interest figures are for previous day

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Officemax	14,114,400	24⅝	+5⅝
Gen Motors	8,414,200	38¾	-¾
Chile Tele	4,750,600	83	-½
RJR Nabisco	3,483,300	7	+⅛
Natl Semi	3,055,100	10⅝	+⅜
Oryx Enrgy	2,856,900	13⅞	-½
Wal-Mart	2,917,200	23⅞	+⅛
Compaq	2,918,600	40⅝	+⅛
Micron	2,882,600	40½	-⅛
Quaker Oats	2,747,900	67⅝	-7⅞

■ TRADING ACTIVITY

● Volume (million)

	Nov 2	Nov 1	Oct 31
New York SE	331.348	314.958	294.514
Amex	19.060	19.039	15.659
NASDAQ	330.870	288.525	287.418
NYSE			
Issues Traded	2,908	2,880	2,883
Rises	946	910	1,041
Falls	1,259	1,314	1,157
Unchanged	703	656	685
New Highs	44	25	85
New Lows	170	159	99

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close November 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

Continued on next page

هكذا من الأصل

هكذا من الأخبار

4 pm close November 3

NYSE COMPOSITE PRICES

Continued from previous page

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

NASDAQ NATIONAL MARKET

4 pm close November 3

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

AMEX COMPOSITE PRICES

4 pm close November 3

AMERICA

US equities rebound ahead of jobs data

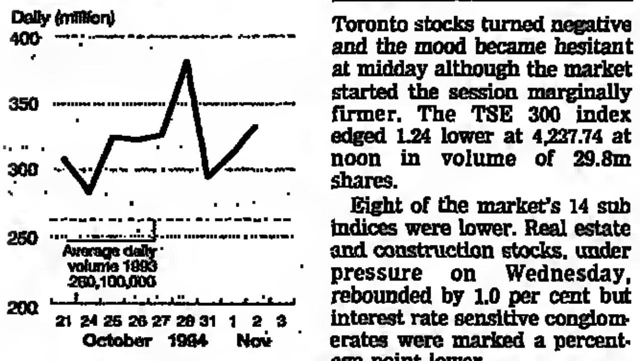
Wall Street

US share prices posted modest gains as the markets rebounded from three days of losses yesterday morning. Investor ssntiment, however, remained subdued as investors awaited today's key employment report, *writes Lisa Bransten in New York.*

By 1 pm the Dow Jones Industrial Average was up 9.42 at 3846.55. The more broadly based Standard & Poor's was also higher, up 1.41 at 467.92, whils the American Stock Exchange Composite was up 0.64 at 454.82. The Nasdaq composite was up 1.59 at 773.41. Trading volume on the NYSE came to 172m shares.

Flat bond prices helped steady share prices, which had taken their lead from declining Treasury prices over the previous three days. Prices on the Dow snapped back 15 points at the opening, making up more than half of the ground lost at Wednesday's close, but than retreated gradually over the rest of the morning.

NYSE volume



News tbat tbe Federal Reserve was contining to shore up the value of the dollar also supported stocks by boosting investor confidence and stabilising prices in the Treasury markets.

Volume was moderate as investors awaited key employment figures, due out today. Soma analysts were predicting non-farm payroll figures to rise more than 300,000, slightly more than recent trends, investors were wary that the Fed could raise interest rates before its November 16 open market committee meeting if the figures showed an increase much greater than expected. A smaller than expected drop in jobless claims eased fears that today's employment figures will indicate a rapidly expanding economy.

Prices of several US retailers were up on stronger-than-expected sales for October. Sears climbed $½ at $49, the Gap rose $1⅞ at $35⅝, Dayton Hudson by $3⅝ to $80⅝, and May Department Stores by $1¼ to $39⅛. Wal-Mart, which posted sales below analysts expectations fell $⅜ to $23⅛.

The Dow was pulled up by moderate increases among its biggest componsnts. General Motors rose $⅝ to $39, McDonalds rose $⅛ at $29⅝ and Bethlehem Steel was up $⅝ at $19.

The financial services group, Kemper Corp, declined $1¼ to $49⅝ in the wake of Conseco's annoncement on Wednesday that it wanted to lower its bid for the company, raising further doubts abont the indiana-based insurer's ability to complete ths deal.

Reports of a boom in its Latin American lsnding pushed the Bank of Boston up $⅝ to $28⅝. Some analysts, however, worried that tbe bank, which wrote off $200m in loans to the region in 1984 might have too mucb exposure to relatively unstable markets.

United Health Care, one of the US's leading health care providers, declined $1¼ to $48⅝ due to profit taking after a year of strong growth. Third quarter results released yesterday were in line with analyst's expectations.

Canada

Toronto stocks turned negative and the mood became hesitant at midday although the market started the session marginally firmer. The TSE 300 index edged 1.24 lower at 4,227.74 at noon in volume of 29.8m shares.

Eight of the market's 14 sub indices were lower. Real estate and construction stocks, under pressure on Wednesday, rebounded by 1.0 per cent but interest rate sensitive conglomerates were marked a percentage point lower.

Methanex was again actively traded, losing C$¼ to C$19⅛.

Venezuela

Shares weakened in Caracas in slightly better volume than had been seen on Wednesday as the confusion surrounding Electricidad de Caracas's forthcoming share subscription appeared to have been resolved.

The Merinvest index slipped a marginal 0.40 to 141.68.

The national share commission's approval of the one-for six, $65m share subscription in Electricidad saw tbe stock open at 292 bolivars, before slipping back 9 bolivars to close at 283.

Brazil

São Paulo dropped 2.1 per cent in midsession trade as investors continued to sell on fears of higher inflation in November. The Bovespa index fsll 1,034 to 45,975 by 1300 local time in turnover of R$157.4m ($185.9m).

S Africa sharply higher

A sharp rise in Johannesburg industrials, and particularly index stocks, was attributed to the IFC's launch of new stock indices for Sonth Africa, although late profit-taking left many prices off their highs.

One analyst said the IFC move gave a fillip to futures trading and that the bullish tone also spilled over to otherwise lacklustre gold issues. Recent, good company results, with more to come, were another positive factor.

The overall index rose 102 to 5,839, industrials gained 133 or 2.0 per cent at 6,738 and golds picked up 16 to 2,257.

De Beers advanced R4.50 to R101, wbile Anglos added R5.25 at R243.

SAB finished R5.25 higher at R100 after hitting a new peak for the year of R105 ahead of expected strong balf-year results due next week. Amcoal rose R5 to R220, reflecting strong first-half earnings and a bullish outlook.

EUROPE

Rhône-Poulenc inspires Paris bourse

Bourses seemed less sensitive than before to US data, perhaps waiting for today's jobs figures; in the afternoon, they were more responsive to the upswing in US share prices, *writes Our Morkets Staff.* Stock-picking seemed to come back into fashion and there were some strong rises in individual stocks.

PARIS regained all of Wednesday's losses with a rise of 2 per cent in what brokers described as a technical rebound. The CAC-40 index ended 37.53 up at 1,911.13. Turnover was FFr3.7bn.

Rbône-Poulenc provided inspiration as it surprised analysts with stronger than expected nine-month results, and the shares rose FFr9.50 or 7.5 per cent to FFr133.90. Analysts upgraded their full-year estimates after a 47 per cent jump in net profits. The cbemical company's results were helped by lower tax charges.

There was also good news for Euro Disney, the beleaguered theme park operator, which was twice suspended limit up after reporting a smaller than expected loss for the year to September, before ending the day up FFr1.25 or 18 per cent at FFr8.15.

Elsewhere, Elf Aquitaine, FFr2.50 higber at FFr370.30, said that it had sold a 10.3 per cent stake in Enterprise Oil, of the UK, as expected, and taken a 1.5 per cent stake in Renault, whose partial privatisation began yesterday. The oil group still retains a 12.9 per cent holding in Enterprise.

FRANKFURT moved from a Dax indsx rise of 9.13 to 2,051.48 on the session, belped by a firmer dollar and stabls bonds, to one of 21.46 at 2,061.37 at the end of Ibis trading, lifted further by short covering and a 4.8 per cent rise in west German industrial orders in September.

Turnover fell from DM6.1bn to DM4.9bn. Early strength in financials, automotive stocks, engineers and in Veba, tbe energy and chemicals group, was extended later.

In financials, Allianz rose DM33 to DM2,300 on the Ibis day, and Deutscbe Bank by DM13 to DM742. In automotives, whicb like a stronger dollar, Volkswagen climbed DM7.10 to DM445 following a big rise in its October US car sales, and MAN by DM4.60 to DM401.50 after saying it expected a significant improvement in current year earnings.

Veba, up DM9.20 at DM503.20, said tbat it will decide in mid-1995 whetber it will list its shares in New York. By then it would have calculated annual results for two years in a row according to US generally accepted accounting principles (GAAP), described yesterday by the Vaba chairman, Mr Ulrich Hartmann, as "actually not so bad".

AMSTERDAM was boosted by another clutcb of strong results in a week whicb has given investors in Dutch companies an opportunity to feel confident regarding medium-term prospects for the market. The AEX index moved ahead 4.61 to 410.36.

Pbilips saw strong US demand after tbe company reported an impressive set of figures. These showed that it had nearly trebled its profits in tbe third quarter, helped by high demand in markets such as the Far East and Brazil. The shares rose Fl 1.80 to Fl 56.50, while those in the Polygram subsidiary reaped the benefit by putting on Fl 2.40 at Fl 75.50.

MILAN eventually regained its upward momentum following Wednesday's losses, still focusing on banks. The Comit index registered a 1.67 fall to 623.87, but the real-time Mibtel finished 79 higher at 10,035.

Morgan Stanley, meanwhile, decided that the time was ripe for investors to revisit Italy, in spite of continuing political uncertainty and the bourse's underperformance in recent months. Mr Richard Davidson, who increased its weighting in the European portfolio, pointed to the outlook for inflation and a further improvement in the current account as compelling reasons to buy, on expectations of a market rebound next year.

BCI gained L109 at L3,570 as analysts conlnded that its mucb heralded bid for control of Ambroveneto was likely to succeed, but some questioned the benefits of the deal for BCI. Ambroveneto was L23 higher at L5,338.

Credito Italiano slipped L5 to L1,584 as it vowed to continue with its L19,000 a share suit for 48 per cent of a reluctant Credito Romsgnolo. The latter picked up another L238 to L16,533.

ZURICH marched 1.4 per cent ahead as the stronger dollar brought an improvement in sentiment, and the SMI index rose 34.8 to 2,534.8.

Insurers were mostly firmer after Winterthur issued a favourable 1994 profits forecast. Winterthur registared picked up SFr21 to SFr641 as investors switched from the recently strong Swiss Re, SFr 6 lower at SFr755. Zurich Insurance registered advanced SFr37 to SFr1,200.

The firm US currency supported chemicals issues. Roche certificates picked up SFr160 to SFr5,810 and Ciba was SFr11 ahead at SFr732.

Among second liners, Schindler bearers rose another SFr45 to SFr1,525, and a SFr40 advance to SFr2,560 by Baloise, the insurer, was attributed to speculative foreign buying.

MADRID sprang to life in tha afternoon, but the quality of the recovery came into question. In terms of gains, senior blue chips and ADRs took second place to the construction sector and a collection of unrelated issues: these included the stainless steel group Acerinox, up Pta450 at Pta14,050; the retailer Pryca, up Pta80 at Pta2,125; Tabacalera, Pta70 better at Pta3,320; and Viscofan, up Pta40 at Pta2,160.

STOCKHOLM fell on rising debt yields, following a controversial government austerity package. The Affärsvärlden General index shed 23.80 or 1.6 per cent to 1,447.30.

Written and edited by William Cochrane, John Pitt and Michael Morgan

FT-SE Actuaries Share Indices

Nov 3							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1318.31	1319.25	1318.98	1321.17	1323.39	1324.71	1326.95	1325.53
FT-SE Eurotrack 200	1384.08	1385.37	1385.07	1388.34	1391.30	1392.73	1394.89	1393.86
	Nov 2	Nov 1	Oct 31	Oct 28	Oct 27			
FT-SE Eurotrack 100	1316.01	1331.23	1337.14	1326.61	1303.28			
FT-SE Eurotrack 200	1382.67	1392.30	1400.54	1388.91	1361.02			

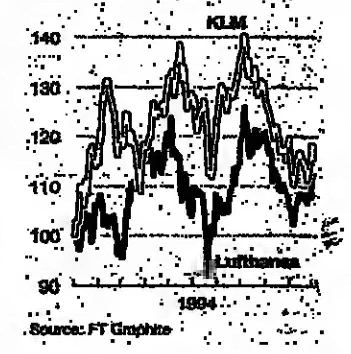
Base 1000 (26/10/90). High/day: 100 - 1327.98; 200 - 1396.86 Low/day: 100 - 1317.38 200 - 1384.08 † Partial

Airlines boosted by KLM

European airline stocks were pulled higher yesterday by the overall strength in continental European bourses in general and excellent second-quarter results from KLM, the Dutch carrier, in particular, *writes John Pitt.*

KLM, which announced a net profit of Fl 354m, at the top end of analysts' forecasts, saw its shares rise to a day's high of Fl 49.10, before easing back on profit-taking to Fl 48.00 for a gain of 70 cents.

Meanwhile, Lufthansa, the part-privatised German carrier, advanced to DM194.10 in official hours, before adding a further DM1.40 in post-bourse trading to finish at DM195.50, as it announced that it was following the lead of other airlines by lifting cargo rates to the US by 5.9 per cent from next year.



Source: FT Graphite

Mr Chris Avery, aviation analyst at Paribas Capital Markets, commented that the KLM figures showed that the airlins was making good progess in redncing costs. He said that he would be raising his full-year forecasts following an analysts' meeting with the company.

The figures from KLM, he added, showed that both cargo and passenger operations had done well, while the reduction in fuel costs had clearly been beneficial. As long as operating costs continned to be trimmed, he said, there was no reason to be other than bullish regarding prospects. Lufthansa, in particnlar, had plenty of potential for cost-cutting, he remarked.

ASIA PACIFIC

Sydney hit by News Corp preference issue

Wall Street's overnigbt fall unnerved some Pacific Rim markets, while others were driven by domestic influences. Tokyo was closed for a public holiday.

SYDNEY finished sligbtly lower, hit by a fall in the share price of News Corp as it began trading its preference share issue. The All Ordinaries index slipped 2.1 to 2,009.1 in turnover of A$407m.

Brokers said the market opened easier, mainly on weakness in News Corp, and failed to recovsr, altbougb News Corp regained its balance, adding 42.3 cents at A$5.85 after being adjusted for the preference share issue.

The media shares sub-index gained 2.1 per cent at 12,321.0, although Fairfax eased 3 cents to A$2.70.

In a mixed mining sector, CRA declined 14 cents to A$18.62, MIM finished steady at A$2.91 and WMC was 2 cents firmer at A$2.91.

WELLINGTON ended slightly higher in very heavy turnover, boosted by Brierley Investments' raid on Wilson and Horton, publisher of New Zealand's biggest circulation paper, tbe Auckland based New Zealand Herald. The NZSE-40 Capital index put on 8.70 at 2,117.43.

Brierley's purchase of 25m Wilson shares, amounting to a 25 per cent stake, for about NZ$243m at NZ$9.50 a share, lifted turnover to NZ$297.7m and overshadowed Telecom's first-half results.

Brierley was 2 cents up at NZ$1.25, while Wilson and Horton rose NZ$1.25 to NZ$9.50.

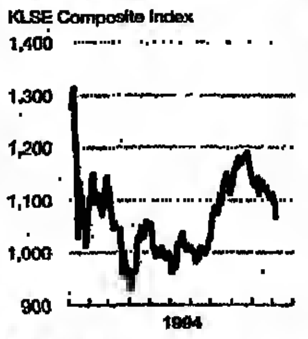
The move had a beneficial effect on Wilson and Horton's opposition, Independent Newspapers, which firmed 40 cents to NZ$5.30.

Telecom, which had earlier reported an increase in first-half profits to NZ$293m from NZ$251.4m, dipped 3 cents to NZ$5.65.

KUALA LUMPUR returned after Wednesday's boliday to furtber selling forced on clients unable to meet margin calls. This left tbe market 2.5 per cent lower, the composite index losing 27.12 at 1,066.46, witb Wall Street's weak trend also unnerving some investors.

Some analysts said that although market sentiment was weak, they expected further dips to bring buyers back.

Malaysia



Source: FT graphite

HONG KONG saw some of its early gains erased on profit-taking but tbe Hang Seng index still finished 40.20 higher at 9,491.96. Turnover was HK$2.4bn, slightly better than Wednesday's HK$2.2bn.

Property, banking and construction issues rose on news of an imminent airport funding agreement. Cheung Kong appreciated 30 cents to HK$36.70, Henderson Land 50 cents to HK$50.50 and Hongkong Land 15 cents to HK$19.70.

HSBC Holdings advanced 50 cents to HK$90.50 and Hang Seng Bank 75 cents to HK$56.50.

SEOUL closed broadly firmer in spite of a further Won33bn of sales by the securities market stabilisation fund, the composite index adding 11.99 at 1,117.73. Gainers outpaced losers by 565 to 314, with 327 stocks going limit up.

Medium-priced, large-capitalisation shares were in demand. Kia Motors rose the day's limit, Won800, to Won17,900 and Korean Air put on Won700 at Won29,500.

Some securities houses and banking shares rebounded. But primary blue chips remained weak.

SHANGHAI's A share index ended 7.8 per cent up on speculative buying after a run of losses in the index since the start of October. The index gained 53.11 at 735.57 on much enlarged turnover of Yn3.0bn, after Yn634.78m on Wednesday.

Brokers described the day's gains as a technical rebound supported by speculators, adding that market fundamentals had not changed.

SINGAPORE's weak performance was attributed to the volatility of the US currency and the fall on Wall Street.

The Straits Times Industrial Index shed 11.99 to 2,352.30, witb sentiment also dented by sharp falls in Malaysian stocks traded over the counter.

MANILA retreated sharply at the close on profit-taking sparked by a steep fall in Philippine Long Distance Telephone and Philippine National Bank.

PLDT reported a 13.46 per cent decline in profits in the first nine months, the shares losing 30 pesos at 1,420 pesos, while PNB fell 12.50 pesos to 382.50. Petron slipped 1.50 pesos to 25.50.

The composite index dropped by 35.66 to 3,054.99. Losers exceeded gainers by 55 to 26.

TAIPEI declined in modest trade on short-term profit-taking after a strong rebound on Wednesday, and on political uncertainties ahead of the December elections.

The weighted index ended 36.37 off at 6,306.29 in modest turnover of T$44.55bn.

Export-oriented electronics companies led the falls on the recent appreciation of the Taiwan dollar, with Tecom down T$2 to T$51.

Plastics and financials were also weak. But food stocks rose as President Enterprises surged T$2 to T$58.50, and marine issues were also strong, with Yang Ming Marine up 90 cents to T$38.10.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 2 1994								TUESDAY NOVEMBER 1 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	171.38	-0.6	154.68	104.22	133.18	153.57	-0.8	3.61	172.44	156.39	105.47	134.43	154.88	189.15	149.36	162.12
Austria (16)	185.97	1.5	167.86	113.09	144.49	144.47	0.7	1.11	183.20	166.14	112.05	142.81	143.52	198.89	167.46	178.87
Belgium (35)	169.96	-0.5	153.39	103.35	132.04	128.92	-0.7	4.28	170.79	154.89	104.46	133.14	129.85	177.04	150.60	151.27
Brazil (28)	177.07	0.1	159.83	107.68	137.58	274.93	0.0	0.75	176.86	160.40	108.17	137.87	274.93	-	-	-
Canada (103)	133.92	-1.0	120.88	81.44	104.05	131.41	-1.0	2.58	135.29	122.70	82.74	105.46	132.70	145.31	120.54	134.34
Denmark (33)	253.39	0.2	228.71	154.09	196.88	201.67	0.0	1.47	252.65	229.31	154.64	197.10	201.73	275.79	230.27	238.58
Finland (24)	198.60	0.6	179.26	120.77	154.31	182.16	0.9	0.73	197.47	179.09	120.77	153.93	180.54	201.41	116.85	125.00
France (101)	169.75	-1.1	153.22	103.23	131.89	136.42	-1.3	3.16	171.68	155.70	105.00	133.83	138.19	188.37	159.34	166.43
Germany (58)	144.71	-0.8	130.62	88.01	112.44	112.44	-1.1	1.84	145.90	132.31	89.23	113.73	113.73	150.40	128.37	134.67
Hong Kong (56)	384.11	-1.2	346.70	233.59	298.45	381.08	-1.2	3.14	388.62	352.45	237.68	302.95	385.55	506.56	341.29	386.88
Ireland (14)	209.97	0.2	189.52	127.69	163.15	182.58	-0.2	3.47	209.61	190.09	128.20	163.40	183.03	215.90	172.05	174.61
Italy (59)	77.77	-2.7	70.20	47.29	60.43	89.39	-2.7	1.75	79.89	72.45	48.86	62.28	91.86	87.78	57.88	68.41
Japan (468)	163.43	-0.2	147.51	99.39	126.99	99.39	-0.7	0.77	163.70	148.46	100.12	127.61	100.12	170.10	124.54	151.77
Malaysia (97)	536.03	0.1	483.82	325.96	416.49	527.40	0.0	1.59	535.32	485.48	327.40	417.30	527.40	621.63	430.71	477.84
Mexico (18)	2095.36	0.0	1891.26	1274.24	1628.03	7877.47	0.0	1.30	2095.36	1900.27	1281.52	1633.37	7877.47	2647.08	1696.28	1850.14
Netherland (19)	219.36	-0.8	167.99	133.40	170.44	167.79	-1.2	3.44	221.36	200.75	135.38	172.56	169.75	223.30	167.01	195.74
New Zealand (14)	77.09	0.5	69.55	46.86	59.87	68.29	0.2	3.67	76.70	69.56	46.91	59.79	68.18	77.59	59.22	68.36
Norway (23)	203.73	0.0	183.66	123.89	158.29	180.35	-0.2	1.83	203.79	184.79	124.62	158.83	180.74	211.74	185.52	182.60
Singapore (44)	399.81	0.1	360.87	243.13	311.65	270.17	0.0	1.56	399.51	362.32	244.34	311.43	270.17	401.38	294.66	323.03
South Africa (59)	328.00	0.0	296.06	199.47	254.85	293.22	0.8	2.18	327.98	297.44	200.59	255.67	291.05	342.00	202.72	211.70
Spain (38)	141.93	-1.0	128.11	86.31	110.98	134.01	-1.1	4.35	143.33	129.99	87.66	111.73	135.48	155.79	128.88	141.79
Sweden (36)	240.79	-0.8	217.33	146.43	167.08	255.85	-0.9	1.98	242.68	220.09	148.43	189.16	258.10	242.68	175.83	200.03
Switzerland (47)	165.69	0.2	149.55	100.78	128.73	127.89	-0.2	1.90	165.36	149.96	101.13	128.90	128.21	176.56	143.64	146.71
Thailand (46)	181.36	-0.6	163.70	110.29	140.92	175.23	-0.7	1.86	182.54	165.56	111.64	142.30	176.42	-	-	-
United Kingdom (204)	205.58	0.1	185.56	125.02	159.74	185.56	-0.4	4.11	205.47	186.34	125.66	160.17	186.34	214.66	181.11	190.23
USA (515)	190.62	-0.3	172.05	115.92	148.11	190.62	-0.3	2.87	191.28	173.47	116.99	149.11	191.28	196.04	178.95	190.77
Americas (864)	178.35	-0.4	160.98	108.46	138.57	148.21	-0.4	2.79	179.00	162.33	109.48	139.53	148.75	-	-	-
Europe (707)	174.89	-0.5	157.85	106.35	135.88	149.16	-0.8	3.13	175.75	159.39	107.49	137.00	150.40	178.58	154.79	160.81
Nordic (116)	231.87	-0.3	209.29	141.01	180.16	211.11	-0.3	1.41	232.53	211.88	142.21	181.26	210.82	233.91	173.15	190.45
Pacific Basin (793)	172.55	-0.2	155.75	104.94	134.07	110.15	-0.7	1.09	172.94	156.84	105.77	134.82	110.98	176.86	134.79	160.52
Euro-Pacific (1500)	173.42	-0.3	156.52	105.46	134.74	125.83	-0.8	1.96	174.00	157.80	106.42	135.64	126.79	175.14	143.88	160.53
North America (618)	187.10	-0.4	168.88	113.78	145.37	186.55	-0.4	2.85	187.61	170.32	114.86	146.40	187.25	192.73	175.67	187.27
Europe Ex. UK (503)	154.88	-0.6	139.90	94.16	120.34	128.05	-1.1	2.54	156.16	141.62	95.51	121.73	129.41	158.12	135.94	141.83
Pacific Ex. Japan (325)	261.74	-0.5	236.25	159.17	203.37	232.08	-0.7	2.74	263.17	238.67	160.90	205.15	233.58	296.21	232.54	246.00
World Ex. US (1708)	175.02	-0.3	157.67	106.43	135.99	129.51	-0.7	1.98	175.62	159.27	107.41	136.90	130.45	176.65	145.56	161.27
World Ex. UK (2019)	176.61	-0.4	159.41	107.40	137.22	144.54	-0.6	2.07	177.30	160.79	108.43	138.21	145.43	178.59	155.96	168.14
World Ex. Japan (1755)	189.63	-0.4	171.16	115.32	147.34	177.03	-0.5	2.90	190.42	172.70	115.46	148.44	177.98	195.20	176.34	161.88
The World Index (2223)	179.16	-0.3	161.71	108.95	139.20	148.27	-0.6	2.27	179.79	163.04	109.85	140.14	149.15	180.80	158.85	170.09

Latest prices were unavailable for this edition. Markets closed 2/11/94: Brazil, Malaysia, Mexico and Singapore.